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# PRINCIPAL FINANCIAL STATEMENTS





**United States Department of Commerce Consolidated Balance Sheets**  
**As of September 30, 2003 and 2002 (In Thousands)**

	FY 2003	Restated FY 2002
<b>ASSETS</b>		
<b>Intragovernmental:</b>		
Fund Balance with Treasury (Note 2)	\$ 6,502,932	\$ 6,313,884
Accounts Receivable, Net (Note 3)	80,860	54,487
Advances and Prepayments	23,715	39,402
<b>Total Intragovernmental</b>	<b>6,607,507</b>	<b>6,407,773</b>
Cash (Note 4)	14,174	10,502
Accounts Receivable, Net (Note 3)	66,927	55,598
Loans Receivable and Related Foreclosed Property, Net (Note 5)	286,072	292,113
Inventory, Materials, and Supplies, Net (Note 6)	101,376	98,934
General Property, Plant, and Equipment, Net (Note 7)	4,662,106	4,543,733
Advances and Prepayments	22,014	13,907
Other (Note 8)	12,712	13,178
<b>TOTAL ASSETS</b>	<b>\$ 11,772,888</b>	<b>\$ 11,435,738</b>
<b>LIABILITIES</b>		
<b>Intragovernmental:</b>		
Accounts Payable	\$ 100,772	\$ 84,465
Debt to Treasury (Note 10)	211,700	262,513
Resources Payable to Treasury	75,221	86,407
Unearned Revenue	352,656	338,723
Other (Note 11)	55,996	56,476
<b>Total Intragovernmental</b>	<b>796,345</b>	<b>828,584</b>
Accounts Payable	267,214	279,835
Accrued Payroll and Annual Leave	290,976	270,624
Actuarial FECA Liability and NOAA Corps Employee Retirement Benefits Liabilities (Note 12)	648,031	643,459
Accrued Grants	392,621	350,309
Environmental and Disposal Liabilities (Note 13)	77,345	121,189
Capital Lease Liabilities (Note 14)	23,296	32,665
Unearned Revenue	646,460	599,293
Other (Note 11)	163,750	40,250
<b>TOTAL LIABILITIES</b>	<b>\$ 3,306,038</b>	<b>\$ 3,166,208</b>
Commitments and Contingencies (Notes 5, 14, and 16)		
<b>NET POSITION</b>		
Unexpended Appropriations (Note 17)	\$ 4,152,150	\$ 3,978,998
Cumulative Results of Operations (Note 17)	4,314,700	4,290,532
<b>TOTAL NET POSITION</b>	<b>\$ 8,466,850</b>	<b>\$ 8,269,530</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 11,772,888</b>	<b>\$ 11,435,738</b>

The accompanying notes are an integral part of these statements.

**United States Department of Commerce Consolidated Statements of Net Cost  
For the Years Ended September 30, 2003 and 2002 (Note 18) (In Thousands)**

	FY 2003	FY 2002
<b>Strategic Goal 1: Provide the Information and the Framework to Enable the Economy to Operate Efficiently and Equitably</b>		
Intragovernmental Gross Costs	\$ 447,006	\$ 449,601
Gross Costs With the Public	1,615,114	1,522,383
Total Gross Costs	2,062,120	1,971,984
Intragovernmental Earned Revenue	(285,079)	(239,555)
Earned Revenue From the Public	(11,012)	(36,873)
Total Earned Revenue	(296,091)	(276,428)
<b>Net Program Costs</b>	<b>1,766,029</b>	<b>1,695,556</b>
<b>Strategic Goal 2: Provide Infrastructure for Innovation to Enhance American Competitiveness</b>		
Intragovernmental Gross Costs	359,913	318,058
Gross Costs With the Public	1,850,717	1,657,783
Total Gross Costs	2,210,630	1,975,841
Intragovernmental Earned Revenue	(122,674)	(115,695)
Earned Revenue From the Public	(1,202,966)	(1,099,302)
Total Earned Revenue	(1,325,640)	(1,214,997)
<b>Net Program Costs</b>	<b>884,990</b>	<b>760,844</b>
<b>Strategic Goal 3: Observe and Manage the Earth's Environment to Promote Sustainable Growth</b>		
Intragovernmental Gross Costs	441,064	485,909
Gross Costs With the Public	3,090,771	2,775,004
Total Gross Costs	3,531,835	3,260,913
Intragovernmental Earned Revenue	(164,169)	(181,080)
Earned Revenue From the Public	(61,927)	(47,042)
Total Earned Revenue	(226,096)	(228,122)
<b>Net Program Costs</b>	<b>3,305,739</b>	<b>3,032,791</b>
<b>NET COST OF OPERATIONS</b>	<b>\$5,956,758</b>	<b>\$ 5,489,191</b>

The accompanying notes are an integral part of these statements.

**United States Department of Commerce Consolidated Statements of Changes in Net Position  
For the Years Ended September 30, 2003 and 2002 (In Thousands)**

	FY 2003		Restated FY 2002	
	Cumulative Results of Operations	Unexpended Appropriations	Cumulative Results of Operations	Unexpended Appropriations
<b>Beginning Balances, as Restated or Previously Presented</b>	<b>\$ 4,290,532</b>	<b>\$ 3,978,998</b>	<b>\$ 4,199,702</b>	<b>\$ 3,796,886</b>
Change in Accounting Principle (Note 17)	(135,918)	135,918	-	-
Restatement Adjustment (Note 17)	-	-	(34,863)	-
<b>Beginning Balances, As Adjusted or Restated</b>	<b>\$ 4,154,614</b>	<b>\$ 4,114,916</b>	<b>\$ 4,164,839</b>	<b>\$ 3,796,886</b>
<b>Budgetary Financing Sources:</b>				
Appropriations Received	-	5,790,547	-	5,511,071
Appropriations Transfers In/(Out), Net	-	4,387	-	27,420
Other Adjustments	(3,234)	(6,113)	-	(57,247)
Appropriations Used	5,751,587	(5,751,587)	5,299,132	(5,299,132)
Non-Exchange Revenue	13,035	-	17,583	-
Donations	859	-	928	-
Transfers In/(Out) Without Reimbursement, Net	78,640	-	82,152	-
Other Budgetary Financing Sources	5,396	-	2,283	-
<b>Other Financing Sources:</b>				
Transfers In/(Out) Without Reimbursement	51,585	-	(6,092)	-
Imputed Financing Sources From Costs Absorbed by Others	226,518	-	220,773	-
Other Financing Sources	(7,542)	-	(1,875)	-
<b>Total Financing Sources</b>	<b>6,116,844</b>	<b>37,234</b>	<b>5,614,884</b>	<b>182,112</b>
<b>Net Cost of Operations</b>	<b>(5,956,758)</b>	<b>-</b>	<b>(5,489,191)</b>	<b>-</b>
<b>ENDING BALANCES</b>	<b>\$ 4,314,700</b>	<b>\$ 4,152,150</b>	<b>\$ 4,290,532</b>	<b>\$ 3,978,998</b>

The accompanying notes are an integral part of these statements.

# PRINCIPAL FINANCIAL STATEMENTS

## United States Department of Commerce Combined Statement of Budgetary Resources For the Years Ended September 30, 2003 and 2002 (Note 19) (In Thousands)

	FY 2003		FY 2002	
	Budgetary	Non-Budgetary Credit Program Financing Accounts	Budgetary	Non-Budgetary Credit Program Financing Accounts
<b>BUDGETARY RESOURCES:</b>				
<b>Budget Authority</b>				
Appropriations Received	\$ 5,964,718	\$ -	\$ 5,813,215	\$ -
Borrowing Authority	-	155,977	-	221,878
Net Transfers	81,791	-	105,528	-
<b>Unobligated Balance</b>				
Beginning of Period	1,126,211	10,205	1,063,763	17,825
Adjustments to Unobligated Balance, Beginning of Period	535	-	(254)	-
Net Transfers, Actual	191	-	1,446	-
<b>Spending Authority From Offsetting Collections</b>				
Earned				
Collected	2,635,644	167,899	2,604,497	64,075
Receivable From Federal Sources	7,626	-	(30,616)	(13,795)
Changes in Unfilled Customer Orders				
Advance Received	130,441	-	160,634	-
Without Advance From Federal Sources	(17,960)	260	(9,843)	(308)
<b>Total Spending Authority From Offsetting Collections</b>	<b>2,755,751</b>	<b>168,159</b>	<b>2,724,672</b>	<b>49,972</b>
Recoveries of Prior Year Obligations	135,566	7,254	140,394	52,342
Temporarily Not Available Pursuant to Public Law	(178,514)	-	(306,513)	-
Permanently Not Available:				
Cancellation of Expired and No-Year Accounts	(24,182)	-	(27,764)	-
Enacted Rescissions	(7,858)	-	(30,517)	-
Capital Transfers and Redemption of Debt	(3,169)	(78,943)	(2,654)	(34,815)
Other Authority Withdrawn	-	(668)	(3,434)	(52,049)
Pursuant to Public Law	(36,350)	-	-	-
<b>TOTAL BUDGETARY RESOURCES</b>	<b>\$ 9,814,690</b>	<b>\$ 261,984</b>	<b>\$ 9,477,882</b>	<b>\$ 255,153</b>
<b>STATUS OF BUDGETARY RESOURCES:</b>				
<b>Obligations Incurred</b>				
Direct	\$ 6,306,200	\$ 169,124	\$ 5,932,061	\$ 147,675
Reimbursable	2,535,387	3,436	2,419,611	97,272
<b>Total Obligations Incurred</b>	<b>8,841,587</b>	<b>172,560</b>	<b>8,351,672</b>	<b>244,947</b>
<b>Unobligated Balance</b>				
Apportioned	734,601	1,805	847,838	7,450
Exempt from Apportionment	112,313	-	94,687	-
<b>Unobligated Balance Not Available</b>	<b>126,189</b>	<b>87,619</b>	<b>183,685</b>	<b>2,756</b>
<b>TOTAL STATUS OF BUDGETARY RESOURCES</b>	<b>\$ 9,814,690</b>	<b>\$ 261,984</b>	<b>\$ 9,477,882</b>	<b>\$ 255,153</b>
<b>RELATIONSHIP OF OBLIGATIONS TO OUTLAYS:</b>				
Obligated Balance, Net, Beginning of Period (Unpaid)	\$ 4,487,716	\$ 180,411	\$ 4,242,729	\$ 100,515
Adjustments to Obligated Balance, Beginning of Period (Unpaid)	172	-	(19,508)	-
<b>Obligated Balance, Net, Beginning of Period, as Adjusted (Unpaid)</b>	<b>\$ 4,487,888</b>	<b>\$ 180,411</b>	<b>\$ 4,223,221</b>	<b>\$ 100,515</b>
<b>Obligated Balance Transferred, Net (Unpaid)</b>	<b>\$ (1,604)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Obligated Balance, Net, End of Period (Unpaid):				
Accounts Receivable	\$ (216,114)	\$ (1)	\$ (208,421)	\$ (1)
Unfilled Customer Orders From Federal Sources (Unpaid)	(113,019)	(833)	(130,980)	(573)
Undelivered Orders (Unpaid)	4,114,330	299,974	3,902,128	180,974
Accounts Payable	958,791	-	924,989	11
<b>Total Obligated Balance, Net, End of Period (Unpaid)</b>	<b>\$ 4,743,988</b>	<b>\$ 299,140</b>	<b>\$ 4,487,716</b>	<b>\$ 180,411</b>
<b>Outlays:</b>				
Disbursements	\$ 8,458,653	\$ 46,316	\$ 7,987,243	\$ 126,813
Collections	(2,766,088)	(167,899)	(2,765,131)	(64,075)
<b>Total Outlays</b>	<b>5,692,565</b>	<b>(121,583)</b>	<b>5,222,112</b>	<b>62,738</b>
Less: Offsetting Receipts	(11,690)	-	(2,944)	-
<b>NET OUTLAYS</b>	<b>\$ 5,680,875</b>	<b>\$ (121,583)</b>	<b>\$ 5,219,168</b>	<b>\$ 62,738</b>

The accompanying notes are an integral part of these statements.



**United States Department of Commerce Consolidated Statements of Financing  
For the Years Ended September 30, 2003 and 2002 (In Thousands)**

**Resources Used to Finance Activities:**

<b>Budgetary Resources Obligated</b>	<b>FY 2003</b>	<b>FY 2002</b>
Obligations Incurred	\$ 9,014,147	\$ 8,596,619
Less: Spending Authority From Offsetting Collections and Recoveries	(3,066,730)	(2,967,380)
Obligations Net of Offsetting Collections and Recoveries	5,947,417	5,629,239
Less: Offsetting Receipts	(11,690)	(2,944)
Net Obligations	5,935,727	5,626,295
<b>Other Resources</b>		
Transfers In/(Out) Without Reimbursement, Net	51,585	(6,092)
Imputed Financing Sources From Costs Absorbed by Others	226,518	220,773
Other Financing Sources	(7,542)	(1,875)
Net Other Resources Used to Finance Activities	270,561	212,806
<b>Total Resources Used to Finance Activities</b>	<b>6,206,288</b>	<b>5,839,101</b>

**Resources Used to Finance Items Not Part of the Net Cost of Operations:**

Change in Budgetary Resources Obligated for Goods, Services, and Benefits Ordered but not yet Provided	(343,110)	(312,902)
Resources that Fund Expenses Recognized in Prior Periods	(143,963)	(58,543)
Budgetary Offsetting Collections and Receipts that do not Affect Net Cost of Operations:		
Credit Program Collections which Increase Liabilities for Loan Guarantees or Allowance for Subsidy Cost	158,943	60,978
Other	12,821	(1,919)
Resources that Finance the Acquisition of Assets	(809,973)	(989,993)
Other Resources or Adjustments to Net Obligated Resources that Do Not Affect Net Cost of Operations:		
Change in Unfilled Customer Orders	112,741	150,443
Transfers In/(Out) Without Reimbursement, Net	(50,637)	-
Other	23,877	1,878
<b>Total Resources Used to Finance Items Not Part of the Net Cost of Operations</b>	<b>(1,039,301)</b>	<b>(1,150,058)</b>

<b>Total Resources Used to Finance the Net Cost of Operations</b>	<b>5,166,987</b>	<b>4,689,043</b>
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**Components of the Net Cost of Operations that Will Not Require or Generate Resources in the Current Period:**

**Components Requiring or Generating Resources in Future Periods (Note 20)**

Increase in Accrued Annual Leave	11,379	12,229
Increase in Environmental and Disposal Liabilities	-	41,981
Reestimates of Credit Subsidy Expense	(2,859)	60,031
Increase in NOAA Corps Employee Retirement Benefits Liabilities	-	41,472
Increase in Contingent Liabilities	40,500	-
Other	6,024	3,973
<b>Total Components of Net Cost of Operations that Will Require or Generate Resources in Future Periods</b>	<b>55,044</b>	<b>159,686</b>

**Components Not Requiring or Generating Resources**

Depreciation and Amortization	674,478	614,916
Revaluation of Assets or Liabilities	2,966	13,553
Other	57,283	11,993
<b>Total Components of Net Cost of Operations that Will Not Require or Generate Resources</b>	<b>734,727</b>	<b>640,462</b>

<b>Total Components of Net Cost of Operations that Will Not Require or Generate Resources in the Current Period</b>	<b>789,771</b>	<b>800,148</b>
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<b>NET COST OF OPERATIONS</b>	<b>\$ 5,956,758</b>	<b>\$ 5,489,191</b>
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The accompanying notes are an integral part of these statements.



# Notes to the Financial Statements

(In Thousands)

## NOTE 1. Summary of Significant Accounting Policies

### **A** Reporting Entity

The Department of Commerce (the Department) is a cabinet level agency of the Executive Branch of the U.S. Government. Established in 1903 to promote U.S. business and trade, the Department's broad range of responsibilities includes predicting the weather, granting patents and registering trademarks, measuring economic growth, gathering and disseminating statistical data, expanding U.S. exports, developing innovative technologies, helping local communities improve their economic development capabilities, promoting minority entrepreneurial activities, and monitoring the stewardship of national assets. The Department is composed of thirteen bureaus, the Emergency Oil and Gas and Steel Loan Guarantee Programs, and Departmental Management. The Homeland Security Act of 2002 created the Department of Homeland Security (DHS). Pursuant to Section 201(g)(3) of Public Law 107-296, the Bureau of Industry and Security's (BIS) Critical Infrastructure Assurance Office was transferred from BIS to DHS effective March 1, 2003. Approximately \$7 million of budgetary authority was transferred to DHS. The FY 2003 transfers out are reported throughout the financial statements where applicable.

For the *Consolidating Statements of Net Cost* some of the Department's entities have been grouped together, based on their organizational structures, as follows:

- National Oceanic and Atmospheric Administration (NOAA)
- U.S. Patent and Trademark Office (USPTO)
- Economics and Statistics Administration (ESA)
  - Bureau of Economic Analysis (BEA)
  - Census Bureau
- Technology Administration (TA)
  - National Institute of Standards and Technology (NIST)
  - National Technical Information Service (NTIS)
- Other Bureaus
  - Bureau of Industry and Security (BIS)
  - Economic Development Administration (EDA)
  - International Trade Administration (ITA)
  - Minority Business Development Agency (MBDA)
  - National Telecommunications and Information Administration (NTIA)

- Departmental Management (DM)
  - Emergency Oil and Gas and Steel Loan Guarantee Programs (ELGP)
  - Franchise Fund (FF)
  - Gifts and Bequests (G&B)
  - Office of the Inspector General (OIG)
  - Salaries and Expenses (S&E)
  - Working Capital Fund (WCF)

## **B** *Basis of Accounting and Presentation*

The Department's fiscal year ends September 30. These financial statements reflect both accrual and budgetary accounting transactions. Under the accrual method of accounting, revenues are recognized when earned and expenses are recognized when incurred, without regard to the receipt or payment of cash. Budgetary accounting is designed to recognize the obligation of funds according to legal requirements, which, in many cases, is made prior to the occurrence of an accrual-based transaction. Budgetary accounting is essential for compliance with legal constraints and controls over the use of federal funds.

These financial statements have been prepared from the accounting records of the Department in conformance with generally accepted accounting principles (GAAP) in the U. S. and the form and content for entity financial statements specified by the U.S. Office of Management and Budget (OMB) in Bulletin 01-09, *Form and Content of Agency Financial Statements*. GAAP for federal entities are the standards prescribed by the Federal Accounting Standards Advisory Board (FASAB), which is the official body for setting the accounting standards of the U.S. Government.

Throughout these financial statements, intragovernmental assets, liabilities, earned revenues, and costs have been classified according to the type of entity with whom the transactions are with. Intragovernmental assets and liabilities are those from or to other federal entities. Intragovernmental earned revenues are collections or accruals of revenue from other federal entities, and intragovernmental costs are payments or accruals to other federal entities.

## **C** *Elimination of Intra-Entity and Intra-Departmental Transactions and Balances*

Transactions and balances within a reporting entity (intra-entity transactions) have been eliminated from the financial statements. Transactions and balances among the Department's entities (intra-Departmental transactions) have been eliminated from the *Consolidated Balance Sheets* and the *Consolidated Statements of Net Cost*. There are no intra-Departmental eliminations for the *Consolidated Statements of Changes in Net Position* and the *Consolidated Statements of Financing*. The *Statements of Budgetary Resources* are presented on a combined basis; therefore intra-Departmental and intra-entity transactions and balances have not been eliminated from these statements.

**D** *Fund Balance with Treasury*

Fund Balance with Treasury is the aggregate amount of funds in the Department's accounts with the U.S. Department of the Treasury (Treasury). Deposit Funds represent the amounts held in customer deposit accounts.

Treasury processes cash receipts and disbursements for the Department's domestic operations. Cash receipts and disbursements for the Department's overseas operations are primarily processed by the U.S. Department of State's financial service centers.

**E** *Accounts Receivable, Net*

Accounts Receivable are recognized primarily when the Department performs reimbursable services or sells goods. Accounts Receivable are reduced to net realizable value by an Allowance for Uncollectible Accounts. This allowance is estimated periodically using methods such as the identification of specific delinquent receivables, and the analysis of aging schedules and historical trends adjusted for current market conditions.

**F** *Advances and Prepayments*

Advances are payments the Department has made to cover a part or all of a grant recipient's anticipated expenses or as advance payments for the cost of goods and services to be acquired. For grant awards, the grant recipient is required to periodically (monthly or quarterly) report the amount of cost incurred. Prepayments are payments the Department has made to cover certain periodic expenses before those expenses are incurred, such as subscriptions and rent.

**G** *Loans Receivable and Related Foreclosed Property, Net*

A direct loan is recorded as a receivable after the Department disburses funds to a borrower. The Department also makes loan guarantees with respect to the payment of all or part of the principal or interest on debt obligations of non-federal borrowers to non-federal lenders. A borrower-defaulted loan guaranteed by the Department is recorded as a receivable from the borrower after the Department disburses funds to the lender.

Foreclosed Property is acquired primarily through foreclosure and voluntary conveyance, and is recorded at the fair market value at the time of acquisition.

Interest Receivable represents interest income earned on scheduled Loans Receivable and/or for the first 180 days outstanding on past-due loans. Interest Receivable pertaining to days in excess of 180 days outstanding on past-due loans that are determined to be uncollectible are not recorded in the Department's financial statements.

**Direct Loans and Loan Guarantees Obligated before October 1, 1991 (pre-FY 1992):** Loans Receivable are reduced by an Allowance for Loan Losses, which is based on an analysis of each loan's outstanding balance. The value of each receivable, net of any Allowance for Loan Losses, is supported by the values of pledged collateral and other assets available for liquidation, and by the Department's analysis of financial information of parties against whom the Department has recourse for the collection of these receivables.

The Economic Development Revolving Fund is required to make annual interest payments to Treasury after each fiscal year-end, based on its outstanding receivables at September 30.

**Direct Loans and Loan Guarantees Obligated after September 30, 1991 (post-FY 1991):** Post-FY 1991 obligated direct loans and loan guarantees and the resulting receivables are governed by the Federal Credit Reform Act of 1990.

For direct or guaranteed loans disbursed during a fiscal year, a subsidy cost is initially recognized. Subsidy costs are intended to estimate the long-term cost to the U.S. Government of its loan programs. The subsidy cost equals the present value of estimated cash outflows over the lives of the loans, minus the present value of estimated cash inflows, discounted at the applicable Treasury interest rate. Administrative costs such as salaries and legal fees are not included in the subsidy costs. Subsidy costs can arise from interest rate differentials, interest subsidies, delinquencies and defaults, loan origination and other fees, and other cash flows. The Department calculates its subsidy costs based on a model created and provided by OMB.

Loans Receivable are recorded at the present value of the estimated cash inflows less cash outflows. The difference between the outstanding principal of the loans and the present value of their net cash inflows is recorded as the Allowance for Subsidy Cost. The portion of the Allowance for Subsidy Cost related to subsidy modifications and reestimates is calculated annually, as of September 30.

The amount of any downward subsidy reestimates as of September 30 must be disbursed to Treasury in the subsequent fiscal year.

## **H** *Notes Receivable*

Notes Receivable, included in Other Assets, arise through the NOAA sale of foreclosed property to non-federal parties. The property is used as collateral, and an Allowance for Uncollectible Amounts is established if the collateral is not adequate. An analysis of the collectibility of receivables is performed periodically. Any gains realized through the sale of foreclosed property are initially deferred and recognized in proportion to the percentage of principal repaid.

## **I** *Inventory, Materials, and Supplies, Net*

Inventory, Materials, and Supplies are stated at the lower of cost or net realizable value primarily under the weighted average and first-in, first-out methods, and are adjusted for the results of physical inventories. Inventory, Materials, and Supplies are expensed when consumed. There are no restrictions on their sale, use, or disposition.

## **J** *General Property, Plant, and Equipment, Net*

General Property, Plant, and Equipment, Net (General PP&E) is comprised of capital assets used in providing goods or services. General PP&E is stated at full cost, including all costs related to acquisition, delivery, and installation, less accumulated depreciation. General PP&E also includes assets acquired through capital leases, which are initially recorded at the amount recognized as a liability for the capital lease at its inception.

**Capitalization Thresholds:** The Department's general policy is to capitalize General PP&E if the initial acquisition price is \$25 thousand or more and the useful life is two years or more. NOAA is an exception to this policy, having a capitalization threshold of \$200 thousand. General PP&E with an acquisition cost less than the capitalization threshold is expensed when purchased. When the purchase of a large quantity of items, each costing less than the capitalization threshold, would materially distort the amount of costs reported in a given period, the purchase is capitalized as a group.

**Depreciation:** Depreciation is expensed on a straight-line basis over the estimated useful life of the asset with the exception of leasehold improvements, which are depreciated over the remaining life of the lease or over the useful life of the improvements, whichever is shorter. Land and Construction-in-Progress are not depreciated.

**Real Property:** The General Services Administration (GSA) provides most of the facilities in which the Department operates, and generally charges rent based on comparable commercial rental rates. Accordingly, GSA-owned properties are not included in the Department's General PP&E. The Department's real property primarily consists of facilities for NIST and NOAA.

**Construction-in-Progress:** Costs for the construction, modification, or modernization of General PP&E are initially recorded as construction-in-progress. Upon completion of the work, the costs are transferred to the appropriate General PP&E account for capitalization.

## **K** *Non-Entity Assets*

Non-entity assets are assets held by the Department that are not available for use in its operations. The non-entity Fund Balance with Treasury primarily represents customer deposits held by the Department until customer orders are received. Non-entity Loans Receivable and Related Foreclosed Property, Net represents EDA's Drought Loan Portfolio. The Portfolio collections are submitted to Treasury monthly.

## **L** *Liabilities*

A liability for federal accounting purposes is a probable and measurable future outflow or other sacrifice of resources as a result of past transactions or events.

**Accounts Payable:** Accounts Payable are amounts primarily owed for goods, services, or capitalized assets received, progress on contract performance by others, and other expenses due.

**Debt to Treasury:** The Department has borrowed funds from Treasury for its Fisheries Finance and Individual Fishing Quota (IFQ) Direct Loans, Fishing Vessel Obligation Guarantee (FVOG) Program, Bering Sea Pollock Fishery Buyout, and Emergency Steel Loan Guarantee Program (ELGP-Steel). To simplify interest calculations, all borrowings are dated October 1. Interest rates are based on a weighted average of rates during the term of the borrowed funds. The weighted average rate for each cohort's borrowing is recalculated at the end of each fiscal year during which disbursements are made. Annual interest payments on unpaid principal balances as of September 30 are required. Principal repayments are required only at maturity, but are permitted at any time during the term of the loan. The Department's primary financing source for repayments of Debt to Treasury is the collection of principal on the associated Loans Receivable. Balances of any borrowed but undisbursed funds will earn interest at the same rate used in calculating interest expense.

**Resources Payable to Treasury:** Resources Payable to Treasury includes liquidating fund assets in excess of liabilities that are being held as working capital for the Economic Development Revolving Fund loan programs and the FVOG loan guarantee program. EDA's Drought Loan Portfolio is a non-entity asset; therefore, the amount of the Portfolio is also recorded as a liability to Treasury. The Portfolio collections are returned to Treasury monthly, and the liability is reduced accordingly.

**Unearned Revenue:** Unearned Revenue is the portion of monies received for which goods and services have not yet been provided or rendered by the Department. Revenue is recognized as reimbursable costs are incurred, and the Unearned Revenue balance is reduced accordingly. Unearned Revenue also includes the balances of customer deposit accounts held by the Department. The intragovernmental Unearned Revenue primarily relates to monies collected in advance under reimbursable agreements. The majority of the Unearned Revenue with the public represents patent and trademark application and user fees that are pending action.



**Accrued Payroll and Annual Leave; Accrued Benefits:** These categories include salaries, wages, and benefits earned by employees, but not disbursed as of September 30. Annually, as of September 30, the balances of Accrued Annual Leave are adjusted to reflect current pay rates. Sick leave and other types of non-vested leave are expensed as taken. Accrued Benefits are included in Intragovernmental Other Liabilities.

**Accrued FECA Liability:** The Federal Employees Compensation Act (FECA) provides income and medical cost protection to covered federal civilian employees injured on the job, to employees who have incurred work-related occupational diseases, and to beneficiaries of employees whose deaths are attributable to job-related injuries or occupational diseases. The FECA program is administered by the U.S. Department of Labor (Labor), which pays valid claims against the Department and subsequently seeks reimbursement from the Department for these paid claims. Accrued FECA Liability, included in Intragovernmental Other Liabilities, represents amounts due to Labor for claims paid on behalf of the Department.

**NOAA Corps Employee Retirement Benefits:** These liabilities are recorded at the actuarial present value of projected benefits, calculated annually, as of September 30. The actuarial cost method used to determine these liabilities is the aggregate entry age normal method. Under this method, the actuarial present value of projected benefits is allocated on a level basis over the earnings or the service of the group between entry age and assumed exit ages. The portion of this actuarial present value allocated to the valuation year is called the normal cost. Actuarial gains and losses, and prior and past service cost, if any, are recognized immediately in the year they occur, without amortization. The actuarial calculations use U.S. Department of Defense Retirement Board economic assumptions (as used by the U.S. Military Retirement System) for investment earnings on Federal securities, annual basic pay increases, and annual inflation. Demographic assumptions appropriate to covered personnel are also used. For background information about these plans, see Note 1.P, *Employee Retirement Benefits*.

**Actuarial FECA Liability:** Actuarial FECA Liability represents the liability for future workers' compensation (FWC) benefits, which includes the expected liability for death, disability, medical, and miscellaneous costs for approved cases. The liability is determined by Labor annually, as of September 30, using a method that utilizes historical benefits payment patterns related to a specific incurred period to predict the ultimate payments related to that period. The projected annual benefit payments are discounted to present value using OMB's economic assumptions for ten-year Treasury notes and bonds. To provide more specifically for the effects of inflation on the liability for FWC benefits, wage inflation factors (Cost of Living Allowance) and medical inflation factors (Consumer Price Index - Medical) are applied to the calculation of projected future benefits. These factors are also used to adjust historical payments of benefits by the Department to current-year constant dollars.

The model's resulting projections are analyzed by Labor to ensure that the amounts are reliable. The analysis is based on two tests: (1) a comparison of the percentage change in the liability amount by agency to the percentage change in the actual payments, and (2) a comparison of the ratio of the estimated liability to the actual payment of the beginning year calculated for the current projection to the liability-payment ratio calculated for the prior projection.

**Accrued Grants:** The Department administers a diverse array of financial assistance programs and projects concerned with the entire spectrum of business and economic development efforts that promote activities such as: expanding U.S. exports, creating jobs, contributing to economic growth, developing innovative technologies, promoting minority entrepreneurship, protecting coastal oceans, providing weather services, managing worldwide environmental data, and using telecommunications and information technologies to better provide public services. Disbursements of funds under the Department's grant programs are generally made when requested by grantees. These draw-down requests may be received and fulfilled before grantees make the Department's program expenditures. When the Department has disbursed funds but grant recipients do not yet report expenditures, these disbursements are recorded as advances. If a recipient, however, reports program expenditures that have not been advanced by the Department by September 30, such amounts are recorded as grant expenses and grants payable as of September 30.



**Environmental and Disposal Liabilities:** NIST operates a nuclear reactor licensed by the U.S. Nuclear Regulatory Commission, in accordance with NIST's mission of setting standards and examining new technologies. The Department currently estimates the cost of decommissioning this facility to be \$40.7 million. The environmental liability is being accrued on a straight-line basis over the expected life of the facility. Under current legislation, funds to cover the expense of decommissioning the facility's nuclear reactor should be requested in a separate appropriation when the decommissioning date becomes relatively certain.

The Department has incurred cleanup costs related to the costs of removing, containing, and/or disposing of hazardous waste from facilities used by NOAA. The Department has estimated its liability for environmental cleanup costs at all NOAA-used facilities, including decommissioning of ships. The largest of NOAA's environmental liabilities, amounting to \$33.6 million at September 30, 2003, relates to clean-up of the Pribiloff Island in Alaska, which contains waste from the Department of Defense's use during World War II. The Department, however, does not recognize a liability for environmental cleanup costs for NOAA-used facilities that are less than \$25 thousand per project. Where an estimate of cleanup costs includes a range of possible costs, the most likely cost is reported. Where no cost is more likely than another, the lowest estimated cost in the range is reported. The liability is reduced as progress payments are made.

**Capital Lease Liabilities:** Capital Leases are leases for property, plant, and equipment that transfer substantially all the benefits and risks of ownership to the Department.

**ITA Foreign Service Nationals' Voluntary Separation Pay:** This liability, included in Other Liabilities, is based on the salaries and benefit statuses of employees in countries where governing laws require a provision for separation pay.

**Liabilities Not Covered by Budgetary Resources:** These are liabilities for which Congressional actions are needed before budgetary resources can be provided. The Department anticipates that liabilities not covered by budgetary resources will be funded from future budgetary resources when required. These amounts are detailed in Note 15.

Under accrual accounting, the expense for annual leave is recognized when the leave is earned. However, for most of the Department's fund accounts, appropriations are provided to pay for the leave when it is taken. As a result, budgetary resources do not cover a large portion of Accrued Annual Leave.

The Department generally receives budgetary resources for the Actuarial FECA Liability and NOAA Corps Employee Retirement Benefits Liabilities when they are needed for disbursements.

**Contingent Liabilities:** A contingency is an existing condition, situation, or set of circumstances involving uncertainty as to possible gain or loss. The uncertainty will ultimately be resolved when one or more future events occur or fail to occur. A contingent liability is recognized when a past event or exchange transaction has occurred, and a future outflow or other sacrifice of resources is measurable and probable. A contingency is disclosed in the Notes to the Financial Statements when any of the conditions for liability recognition are not met and the chance of the future confirming event or events occurring is more than remote but less than probable. A contingency is not disclosed in the Notes to the Financial Statements when any of the conditions for liability recognition are not met and when the chance of the future event or events occurring is remote.

## **M** **Commitments**

Commitments are preliminary actions that will ultimately result in an obligation to the U.S. Government if carried through, such as purchase requisitions, estimated travel orders, or unsigned contracts/grants. Major long-term commitments are disclosed in Note 16.

## **N** *Net Position*

Net Position is the residual difference between assets and liabilities, and is comprised of Unexpended Appropriations and Cumulative Results of Operations.

Appropriations are recognized as capital when made available for apportionment by OMB. Unexpended Appropriations represent the total amount of unexpended budget authority, both obligated and unobligated. Unexpended Appropriations are reduced for Appropriations Used and adjusted for other changes in budgetary resources, such as transfers and rescissions. Cumulative Results of Operations is the net result of the Department's operations since inception.

## **O** *Revenues and Other Financing Sources*

**Appropriations Used:** Most of the Department's operating funds are provided by congressional appropriations of budget authority. The Department receives appropriations on annual, multiple-year, and no-year bases. Upon expiration of an annual or multiple-year appropriation, the obligated and unobligated balances retain their fiscal year identity, and are maintained separately within an expired account. The unobligated balances can be used to make legitimate obligation adjustments, but is otherwise not available for expenditures. Annual and multiple-year appropriations are canceled at the end of the fifth year after expiration. No-year appropriations do not expire. Appropriations of budget authority are recognized as used when goods and services are received or benefits and grants are provided.

**Exchange and Non-Exchange Revenue:** The Department classifies revenues as either exchange revenue or non-exchange revenue. Exchange revenues are those that are derived from transactions in which both the government and the other party receive value, including processing patents and registering trademarks; sale of weather data, nautical charts, and navigation information; and other sales of goods and services. These revenues are presented on the Department's *Consolidated Statements of Net Cost*, and serve to reduce the reported cost of operations borne by the taxpayer. Non-exchange revenues are derived from the government's sovereign right to demand payment, including fines for violations of fisheries and marine protection laws. Non-exchange revenues are recognized when a specifically identifiable, legally enforceable claim to resources arises, and to the extent that collection is probable and the amount is reasonably estimable. These revenues are not considered to reduce the cost of the Department's operations, and, are therefore, reported on the *Consolidated Statements of Changes in Net Position*.

In certain cases, law or regulation sets the prices charged by the Department and, for program and other reasons, the Department may not receive full cost (e.g., the processing of patents and registering of trademarks, and the sale of weather data, nautical charts and navigation information). Prices set for products and services offered through the Department's working capital funds are intended to recover the full costs incurred by these activities.

**Imputed Financing Sources From Costs Absorbed by Others (and Related Imputed Costs):** In certain cases, operating costs of the Department are paid for by funds appropriated to other Federal entities. For example, pension benefits for most Department employees are paid for by the U.S. Office of Personnel Management (OPM), and certain legal judgments against the Department are paid from the Judgment Fund maintained by Treasury. OMB limits Imputed Costs to be recognized by Federal entities to the following: (1) employees' pension benefits; (2) health insurance, life insurance, and other benefits for retired employees; (3) other post-employment benefits for retired, terminated, and inactive employees, including severance payments, training and counseling, continued health care, and unemployment and workers' compensation under FECA; and (4) losses in litigation proceedings. The Department includes applicable Imputed Costs on the *Consolidated Statements of Net Cost*. In addition, an Imputed Financing Source is recognized on the *Consolidated Statements of Changes in Net Position*.

**Transfers In (Out):** Intragovernmental transfers of budget authority (i.e., appropriated funds) or of assets without reimbursement are recorded at book value.

## **P** *Employee Retirement Benefits*

**Civil Service Retirement System (CSRS) and Federal Employees Retirement System (FERS):** Most employees of the Department participate in either the CSRS or FERS defined-benefit pension plans. FERS went into effect on January 1, 1987. FERS and Social Security automatically cover most employees hired after December 31, 1983. Employees hired prior to January 1, 1984 could elect to either join FERS and Social Security, or remain in CSRS.

The Department is not responsible for and does not report CSRS or FERS assets, accumulated plan benefits, or liabilities applicable to its employees. OPM, which administers the plans, is responsible for and reports these amounts.

For CSRS-covered regular employees, the Department was required in FY 2002 to make contributions to the plan equal to 8.51 percent of an employee's basic pay. In October 2002, the rate was reduced to 7.5 percent, and in January 2003, the rate was further reduced to 7 percent. Employees contributed 7 percent of basic pay. For each fiscal year, OPM calculates the U.S. Government's service cost for covered employees, which is an estimate of the amount of funds, that, if accumulated annually and invested over an employee's career, would be enough to pay that employee's future benefits. Since the U.S. Government's estimated service cost exceeds contributions made by employer agencies and covered employees, this plan is not fully funded by the Department and its employees. The Department has recognized an Imputed Cost and Imputed Financing Source for the difference between the estimated service cost and the contributions made by the Department and its covered employees.

FERS contributions made by employer agencies and covered employees exceed the U.S. Government's estimated service cost. For FERS-covered regular employees, the Department was required in FY 2002 and FY 2003 to make contributions of 10.7 percent of basic pay. Employees contributed 0.8 percent of basic pay. Employees participating in FERS are covered under the Federal Insurance Contributions Act (FICA), for which the Department contributes a matching amount to the Social Security Administration. For FY 2003, this plan was not fully funded by the Department and its employees. The Department has recognized an imputed cost and imputed financing source for the difference between the estimated service cost and the contributions made by the Department and its covered employees.

**NOAA Corps Retirement System:** Active-duty officers of the NOAA Corps are covered by the NOAA Corps Retirement System, an unfunded, pay-as-you-go, defined-benefit plan administered by the Department. Participants do not contribute to this plan. Plan benefits are based primarily on years of service and compensation. Participants as of September 30, 2003 included 246 active duty officers, 295 nondisability retiree annuitants, 22 disability retiree annuitants, and 49 surviving families. Key provisions include voluntary nondisability retirement after 20 years of active service, disability retirement, optional survivor benefits, Consumer Price Index (CPI) optional survivor benefits, and CPI adjustments for benefits.

**Foreign Service Retirement and Disability System, and the Foreign Service Pension System:** Foreign Commercial Officers are covered by the Foreign Service Retirement and Disability System and the Foreign Service Pension System. The ITA makes contributions to the systems based on a percentage of an employee's pay. Both systems are multi-employer plans administered by the U.S. Department of State. The Department is not responsible for and does not report plan assets, accumulated plan benefits, or liabilities applicable to its employees. The Department of State, which administers the plan, is responsible for and reports these amounts.

**Thrift Savings Plan (TSP):** Employees covered by CSRS and FERS are eligible to contribute to the U.S. Government's TSP, administered by the Federal Retirement Thrift Investment Board. A TSP account is automatically established for FERS-covered employees, and the Department makes a mandatory contribution of 1 percent of basic pay. FERS-covered employees are entitled, effective December 2003, to contribute up to 14 percent of basic pay to their TSP account, subject to the U.S. Internal Revenue Service (IRS) dollar amount limits, with the Department making matching contributions up to 4 percent of basic pay. Employees covered by CSRS are entitled to contribute up to 9 percent of basic pay to their TSP account, subject to the IRS dollar amount limits. The Department makes no matching contributions for CSRS-covered employees. Effective July 2003, TSP participants age 50 or older who are already contributing the maximum amount of contributions for which they are eligible may also make catch-up contributions, subject to the IRS dollar amount limits.

**Federal Employees Health Benefit (FEHB) Program:** Most Departmental employees are enrolled in the FEHB Program, which provides post-retirement health benefits. OPM administers this program and is responsible for the reporting of liabilities. Employer agencies and covered employees are not required to make any contributions for post-retirement health benefits. OPM calculates the U.S. Government's service cost for covered employees each fiscal year. The Department has recognized the entire service cost of these post-retirement benefits for covered employees as an Imputed Cost and Imputed Financing Source.

**NOAA Corps Health Benefits:** Active-duty officers of the NOAA Corps are covered by the health benefits program for the NOAA Corps, which provides post-retirement health benefits. This is a pay-as-you-go plan administered by the Department. Participants do not make any contributions to this plan.

**Federal Employees Group Life Insurance (FGLI) Program:** Most Department employees are entitled to participate in the FGLI Program. Participating employees can obtain basic term life insurance, with the employee paying two-thirds of the cost and the Department paying one-third. Additional coverage is optional, to be paid fully by the employee. The basic life coverage may be continued into retirement if certain requirements are met. OPM administers this program and is responsible for the reporting of liabilities. For each fiscal year, OPM calculates the U.S. Government's service cost for the post-retirement portion of basic life coverage. Because the Department's contributions to the basic life coverage are fully allocated by OPM to the pre-retirement portion of coverage, the Department has recognized the entire service cost of the post-retirement portion of basic life coverage as an Imputed Cost and Imputed Financing Source.

## **Q** *Use of Estimates*

The preparation of financial statements requires the Department to make estimates and assumptions that affect these financial statements. Actual results may differ from those estimates.

## **R** *Tax Status*

The Department is not subject to federal, state, or local income taxes. Accordingly, no provision for income taxes is recorded.

**NOTE 2. Fund Balance with Treasury**

*Fund Balance with Treasury, by type, is as follows:*

	<b>FY 2003</b>	<b>FY 2002</b>
General Funds	\$ 5,631,787	\$ 5,577,135
Revolving Funds	506,715	388,287
Special Fund (Patent and Trademark Surcharge Fund)	233,529	233,529
Other Special Funds	79,897	38,097
Deposit Funds	1,524	68,896
Trust Funds	48,192	3,049
Other Fund Types	1,288	4,891
Total	<u>\$ 6,502,932</u>	<u>\$ 6,313,884</u>

*Status of Fund Balance with Treasury is as follows:*

	<b>FY 2003</b>	<b>FY 2002</b>
Unobligated Balance:		
Available	\$ 1,345,104	\$ 1,463,199
Unavailable	428,800	389,308
Obligated Balance not yet Disbursed	4,729,028	4,461,377
Total	<u>\$ 6,502,932</u>	<u>\$ 6,313,884</u>

The Department's Deposit Funds are not available to finance operating activities. See Note 19, *Combined Statements of Budgetary Resources*, for legal arrangements affecting the Department's use of Fund Balance with Treasury for FY 2003.

**NOTE 3. Accounts Receivable, Net**

	<b>FY 2003</b>		
	Accounts Receivable, Gross	Allowance for Uncollectible Accounts	Accounts Receivable, Net
Intragovernmental	<u>\$ 80,860</u>		<u>\$ 80,860</u>
With the Public	<u>\$ 73,582</u>	<u>\$ (6,655)</u>	<u>\$ 66,927</u>
	<b>FY 2002</b>		
	Accounts Receivable, Gross	Allowance for Uncollectible Accounts	Accounts Receivable, Net
Intragovernmental	<u>\$ 54,487</u>		<u>\$ 54,487</u>
With the Public	<u>\$ 63,557</u>	<u>\$ (7,959)</u>	<u>\$ 55,598</u>

**NOTE 4. Cash**

	<b>FY 2003</b>	<b>FY 2002</b>
Cash Not Yet Deposited to Treasury	\$ 12,320	\$ 9,367
Imprest Funds	403	422
Other Cash	1,451	713
Total	<u>\$ 14,174</u>	<u>\$ 10,502</u>

Cash not yet Deposited to Treasury primarily represents patent and trademark fees that were not processed as of September 30, due to the lag time between receipt and initial review. Certain bureaus maintain imprest funds for operational necessity, such as law enforcement activities and environments that do not permit the use of electronic payments. Other Cash represents monies held in a trust account obtained through the foreclosure of a NOAA direct loan.

**NOTE 5. Loans Receivable and Related Foreclosed Property, Net**

*The Department operates the following direct loan and loan guarantee programs:*

**Direct Loans:**

NOAA	Fisheries Finance Direct Loans
NOAA	Coastal Energy Impact Program (CEIP)
NOAA	Fisheries Loan Fund
NOAA	Fisheries Finance Individual Fishing Quota (IFQ) Loans
NOAA	Bering Sea Pollock Fishery Buyout
NOAA	Community Development Loans
NOAA	Crab Buyback Loans
NOAA	Pacific Groundfish Buyback Loans
NOAA	New England Groundfish Buyback Loans
NOAA	Tuna Fleet Direct Loans
EDA	Economic Development Revolving Fund
EDA	Drought Loan Portfolio

**Loan Guarantee Programs:**

NOAA	Fishing Vessel Obligation Guarantee Program (FVOG Program)
EDA	Economic Development Revolving Fund
ELGP-Oil/Gas	Emergency Oil and Gas Loan Guarantee Program
ELGP-Steel	Emergency Steel Loan Guarantee Program

*The net assets for the Department's loan programs consist of:*

	<b>FY 2003</b>	<b>FY 2002</b>
Direct Loans Obligated Prior to FY 1992	\$ 64,727	\$ 75,767
Direct Loans Obligated After FY 1991	166,137	159,872
Defaulted Guaranteed Loans from Pre-FY 1992 Guarantees	8,033	8,551
Defaulted Guaranteed Loans from Post-FY 1991 Guarantees	47,175	47,923
Total	<u>\$ 286,072</u>	<u>\$ 292,113</u>

*Direct Loans Obligated Prior to FY 1992 consist of:*

Direct Loan Program	FY 2003				
	Loans Receivable, Gross	Interest Receivable	Allowance for Loan Losses	Foreclosed Property	Value of Assets Related to Direct Loans
Drought Loan Portfolio	36,317	514	(368)	-	36,463
Economic Development Revolving Fund	16,956	173	(191)	-	16,938
CEIP	\$ 24,199	\$ 7,474	\$ (20,347)	\$ -	\$ 11,326
Fisheries Loan Fund	1,906	138	(2,044)	-	-
Total	<u>\$ 79,378</u>	<u>\$ 8,299</u>	<u>\$ (22,950)</u>	<u>\$ -</u>	<u>\$ 64,727</u>

Direct Loan Program	FY 2002				
	Loans Receivable, Gross	Interest Receivable	Allowance for Loan Losses	Foreclosed Property	Value of Assets Related to Direct Loans
Drought Loan Portfolio	39,541	517	(401)	-	39,657
Economic Development Revolving Fund	24,020	346	(276)	-	24,090
CEIP	\$ 25,270	\$ 6,990	\$ (20,240)	\$ -	\$ 12,020
Fisheries Loan Fund	1,980	142	(2,122)	-	-
Total	<u>\$ 90,811</u>	<u>\$ 7,995</u>	<u>\$ (23,039)</u>	<u>\$ -</u>	<u>\$ 75,767</u>

*Direct Loans Obligated After FY 1991 consist of:*

Direct Loan Program	FY 2003			
	Loans Receivable, Gross	Interest Receivable	Allowance for Subsidy Cost (Present Value)	Value of Assets Related to Direct Loans
Bering Sea Pollock Fishery Buyout	\$ 68,385	\$ 13	\$ 10,648	\$ 79,046
Fisheries Finance Direct Loans	62,410	884	6,689	69,983
Fisheries Finance IFQ Loans	<u>14,196</u>	<u>139</u>	<u>2,773</u>	<u>17,108</u>
Total	<u>\$ 144,991</u>	<u>\$ 1,036</u>	<u>\$ 20,110</u>	<u>\$ 166,137</u>

Direct Loan Program	FY 2002			
	Loans Receivable, Gross	Interest Receivable	Allowance for Subsidy Cost (Present Value)	Value of Assets Related to Direct Loans
Bering Sea Pollock Fishery Buyout	\$ 69,783	\$ -	\$ 12,671	\$ 82,454
Fisheries Finance Direct Loans	55,796	739	4,396	60,931
Fisheries Finance IFQ Loans	<u>13,460</u>	<u>120</u>	<u>2,907</u>	<u>16,487</u>
Total	<u>\$ 139,039</u>	<u>\$ 859</u>	<u>\$ 19,974</u>	<u>\$ 159,872</u>

*Total Amount of Direct Loans Disbursed (Post-FY 1991):*

Direct Loan Program	FY 2003	FY 2002
Fisheries Finance Direct Loans	\$ 19,294	\$ 9,619
Fisheries Finance IFQ Loans	<u>2,752</u>	<u>3,764</u>
Total	<u>\$ 22,046</u>	<u>\$ 13,383</u>



*Subsidy Expense for Direct Loans by Program and Component:*

**Subsidy Expense for New Direct Loans Disbursed:**

FY 2003					
Direct Loan Program	Interest Rate Differential	Defaults	Fees and Other Collections	Other	Total
Fisheries Finance Direct Loans	\$ (3,187)	\$ 799	\$ (88)	\$ 41	\$ (2,435)
Fisheries Finance IFQ Loans	(397)	300	(42)	38	(101)
Total	<u>\$ (3,584)</u>	<u>\$ 1,099</u>	<u>\$ (130)</u>	<u>\$ 79</u>	<u>\$ (2,536)</u>

FY 2002				
Direct Loan Program	Interest Rate Differential	Defaults	Fees and Other Collections	Total
Fisheries Finance Direct Loans	\$ (800)	\$ 954	\$ (141)	\$ 13
Fisheries Finance IFQ Loans	(505)	571	(22)	44
Total	<u>\$ (1,305)</u>	<u>\$ 1,525</u>	<u>\$ (163)</u>	<u>\$ 57</u>

**Modifications and Reestimates:**

FY 2003				
Direct Loan Program	Total Modifications	Interest Rate Reestimates	Technical Reestimates	Total Reestimates
Bering Sea Pollock Fishery Buyout	\$ -	\$ -	\$ (991)	\$ (991)
Fisheries Finance Direct Loans	-	(82)	(452)	(534)
Fisheries Finance IFQ Loans	-	(20)	93	73
Total	<u>\$ -</u>	<u>\$ (102)</u>	<u>\$ (1,350)</u>	<u>\$ (1,452)</u>

FY 2002				
Direct Loan Program	Total Modifications	Interest Rate Reestimates	Technical Reestimates	Total Reestimates
Bering Sea Pollock Fishery Buyout	\$ -	\$ -	\$ (3,582)	\$ (3,582)
Fisheries Finance Direct Loans	-	(26)	1,451	1,425
Fisheries Finance IFQ Loans	-	(82)	(1,510)	(1,592)
Total	<u>\$ -</u>	<u>\$ (108)</u>	<u>\$ (3,641)</u>	<u>\$ (3,749)</u>

**Total Direct Loan Subsidy Expense:**

Direct Loan Program	FY 2003	FY 2002
Bering Sea Pollock Fishery Buyout	\$ (991)	\$ (3,582)
Fisheries Finance Direct Loans	(2,969)	1,438
Fisheries Finance IFQ Loans	(28)	(1,548)
Total	<u>\$ (3,988)</u>	<u>\$ (3,692)</u>

***Subsidy Rates for Direct Loans by Program and Component:***

**Budget Subsidy Rates for Direct Loans for the Current Year's Cohort:**

Direct Loan Program	FY 2003				
	Interest Differential	Defaults	Fees and Other Collections	Other	Total
Fisheries Finance Direct Loans	(13.75)%	0.53%	(0.07)%	1.40%	(11.89)%
Fisheries Finance IFQ Loans	(17.31)%	2.21%	(0.80)%	3.87%	(12.03)%
New England Ground Fish Buyback	(31.89)%	31.52%	- %	- %	(0.37)%
Pacific Ground Fish Buyback	(31.89)%	32.97%	- %	- %	1.08%
Tuna Fleet Direct Loans	(13.75)%	0.53%	(0.07)%	1.40%	(11.89)%

  

Direct Loan Program	FY 2002			
	Interest Differential	Defaults	Fees and Other Collections	Total
Fisheries Finance Direct Loans	(17.51)%	2.35%	(0.50)%	(15.66)%
Fisheries Finance IFQ Loans	(17.52)%	18.28%	(0.50)%	0.26%

*Schedule for Reconciling Allowance for Subsidy Cost (Post-FY 1991 Direct Loans):*

	<u>FY 2003</u>	<u>FY 2002</u>
<b>Beginning Balance of the Allowance for Subsidy Cost</b>	\$ 19,974	\$ 19,149
<b>Add Subsidy Expense for Direct Loans Disbursed During the Reporting Years by Component:</b>		
Interest Rate Differential Costs	3,584	1,305
Default Costs (Net of Recoveries)	(1,099)	(1,525)
Fees and Other Collections	130	163
Other Subsidy Costs	(79)	-
Total of the above Subsidy Expense Components	<u>2,536</u>	<u>(57)</u>
<b>Adjustments:</b>		
Fees Received	(170)	(71)
Subsidy Allowance Amortization	(3,682)	(2,796)
Other	-	-
Ending Balance of the Allowance for Subsidy Cost Before Reestimates	18,658	16,225
<b>Add or Subtract Subsidy Reestimates by Component:</b>		
Interest Rate Reestimates	102	108
Technical/Default Reestimates	1,350	3,641
<b>Total of the above Reestimate Components</b>	<u>1,452</u>	<u>3,749</u>
<b>Ending Balance of the Allowance for Subsidy Cost</b>	<u>\$ 20,110</u>	<u>\$ 19,974</u>

*Defaulted Guaranteed Loans from Pre-FY 1992 Guarantees:*

<u>FY 2003</u>					
<u>Loan Guarantee Program</u>	<u>Defaulted Guaranteed Loans Receivable, Gross</u>	<u>Interest Receivable</u>	<u>Foreclosed Property</u>	<u>Allowance for Loan Losses</u>	<u>Value of Assets Related to Defaulted Guaranteed Loans Receivable, Net</u>
FVOG Program	\$ 19,769	\$ 15	\$ 55	\$ (15,806)	\$ 4,033
Economic Development Revolving Fund	<u>4,641</u>	<u>263</u>	<u>-</u>	<u>(904)</u>	<u>4,000</u>
Total	<u>\$ 24,410</u>	<u>\$ 278</u>	<u>\$ 55</u>	<u>\$ (16,710)</u>	<u>\$ 8,033</u>
<u>FY 2002</u>					
<u>Loan Guarantee Program</u>	<u>Defaulted Guaranteed Loans Receivable, Gross</u>	<u>Interest Receivable</u>	<u>Foreclosed Property</u>	<u>Allowance for Loan Losses</u>	<u>Value of Assets Related to Defaulted Guaranteed Loans Receivable, Net</u>
FVOG Program	\$ 32,792	\$ 1,119	\$ -	\$ (29,615)	\$ 4,296
Economic Development Revolving Fund	<u>4,648</u>	<u>23</u>	<u>-</u>	<u>(416)</u>	<u>4,255</u>
Total	<u>\$ 37,440</u>	<u>\$ 1,142</u>	<u>\$ -</u>	<u>\$ (30,031)</u>	<u>\$ 8,551</u>

**Defaulted Guaranteed Loans from Post-FY 1991 Guarantees:**

FY 2003					
Loan Guarantee Program	Defaulted Guaranteed Loans Receivable, Gross	Interest Receivable	Foreclosed Property	Allowance for Subsidy Cost (Present Value)	Value of Assets Related to Defaulted Guaranteed Loans Receivable, Net
FVOG Program	\$ 12,695	\$ -	\$ 2,926	\$ (6,794)	\$ 8,827
Emergency Steel Loan Guarantee Program	92,097	-	-	(53,749)	38,348
Total	<u>\$ 104,792</u>	<u>\$ -</u>	<u>\$ 2,926</u>	<u>\$ (60,543)</u>	<u>\$ 47,175</u>
FY 2002					
Loan Guarantee Program	Defaulted Guaranteed Loans Receivable, Gross	Interest Receivable	Foreclosed Property	Allowance for Subsidy Cost (Present Value)	Value of Assets Related to Defaulted Guaranteed Loans Receivable, Net
FVOG Program	\$ 12,771	\$ 18	\$ 2,956	\$ (6,561)	\$ 9,184
Emergency Steel Loan Guarantee Program	92,097	391	-	(53,749)	38,739
Total	<u>\$ 104,868</u>	<u>\$ 409</u>	<u>\$ 2,956</u>	<u>\$ (60,310)</u>	<u>\$ 47,923</u>

**Loan Guarantees:**
**Guaranteed Loans Outstanding:**

Outstanding non-acquired guaranteed loans as of September 30, 2003 and September 30, 2002, which are not reflected in the financial statements, are as follows:

Loan Guarantee Program	FY 2003		FY 2002	
	Outstanding Principal of Guaranteed Loans, Face Value	Amount of Outstanding Principal Guaranteed	Outstanding Principal of Guaranteed Loans, Face Value	Amount of Outstanding Principal Guaranteed
FVOG Program	\$ 56,614	\$ 56,614	\$ 68,737	\$ 68,737
Economic Development Revolving Fund	400	400	372	372
Emergency Oil and Gas Loan Guarantee Program	1,810	1,538	2,392	2,034
Emergency Steel Loan Guarantee Program	381,251	239,467	40,458	35,603
Total	<u>\$ 440,075</u>	<u>\$ 298,019</u>	<u>\$ 111,959</u>	<u>\$ 106,746</u>

**New Loans Guaranteed, by year:**

Loan Guarantee Program	FY 2003		FY 2002	
	Outstanding Principal of Guaranteed Loans, Face Value	Amount of Outstanding Principal Guaranteed	Outstanding Principal of Guaranteed Loans, Face Value	Amount of Outstanding Principal Guaranteed
Emergency Oil and Gas Loan Guarantee Program	\$ -	\$ -	\$ 164	\$ 140
Emergency Steel Loan Guarantee Program	250,000	250,000	40,458	35,603
Total	<u>\$ 250,000</u>	<u>\$ 250,000</u>	<u>\$ 40,622</u>	<u>\$ 35,743</u>

**Liabilities for Loan Guarantees:**

Loan Guarantee Program	FY 2003	FY 2002
	Liabilities for Loan Guarantees for Post-FY 1991 Guarantees Present Value	Liabilities for Loan Guarantees for Post-FY 1991 Guarantees Present Value
FVOG Program	\$ 2,872	\$ 2,725
Emergency Oil and Gas Loan Guarantee Program	1,273	1,379
Emergency Steel Loan Guarantee Program	89,534	18,242
Total	<u>\$ 93,679</u>	<u>\$ 22,346</u>

### Subsidy Expense for Loan Guarantees by Program and Component:

#### Subsidy Expense for New Loan Guarantees:

Loan Guarantee Program	FY 2003			
	Interest Supplements	Defaults	Fees and Other Collections	Total
Emergency Oil and Gas Loan Guarantee Program	\$ -	\$ -	\$ -	\$ -
Emergency Steel Loan Guarantee Program	-	69,225 <sup>1</sup>	-	69,225
Total	\$ -	\$ 69,225	\$ -	\$ 69,225

<sup>1</sup> This amount represents a new guaranteed loan disbursed in FY 2003 multiplied by the default rate approved by OMB.

Loan Guarantee Program	FY 2002			
	Interest Supplements	Defaults	Fees and Other Collections	Total
Emergency Oil and Gas Loan Guarantee Program	\$ -	\$ 638	\$ (7)	\$ 631
Emergency Steel Loan Guarantee Program	-	5,415	(211)	5,204
Total	\$ -	\$ 6,053	\$ (218)	\$ 5,835

#### Modifications and Reestimates:

Loan Guarantee Program	FY 2003			
	Total Modifications	Interest Rate Reestimates	Technical Reestimates	Total Reestimates
FVOG Program	\$ -	\$ -	\$ 376	\$ 376
Emergency Oil and Gas Loan Guarantee Program	-	(17)	(136)	(153)
Emergency Steel Loan Guarantee Program	-	10	114	124
Total	\$ -	\$ (7)	\$ 354	\$ 347

Loan Guarantee Program	FY 2002			
	Total Modifications	Interest Rate Reestimates	Technical Reestimates	Total Reestimates
FVOG Program	\$ -	\$ -	\$ 5,076	\$ 5,076
Emergency Oil and Gas Loan Guarantee Program	-	(19)	(201)	(220)
Emergency Steel Loan Guarantee Program	-	3,025	50,151	53,176
Total	\$ -	\$ 3,006	\$ 55,026	\$ 58,032

**Total Loan Guarantee Subsidy Expense:**

Loan Guarantee Program	FY 2003	FY 2002
FVOG Program	\$ 376	\$ 5,076
Emergency Oil and Gas Loan Guarantee Program	(153)	411
Emergency Steel Loan Guarantee Program	69,349	58,380
Total	<u>\$ 69,572</u>	<u>\$ 63,867</u>

***Subsidy Rates for Loan Guarantees by Program and Component:***

**Budget Subsidy Rates for Loan Guarantees for the Current Year's Cohorts:**

Loan Guarantee Program	FY 2003		
	Defaults	Fees and Other Collections	Total
Emergency Oil and Gas Loan Guarantee Program	- %	- %	- %
Emergency Steel Loan Guarantee Program	28.19%	(0.50)%	27.69%
Loan Guarantee Program	FY 2002		
	Defaults	Fees and Other Collections	Total
Emergency Oil and Gas Loan Guarantee Program	44.53%	(0.50)%	44.03%
Emergency Steel Loan Guarantee Program	11.56%	(0.50)%	11.06%

*Schedule for Reconciling Liabilities for Loan Guarantees (Post-FY 1991 Loan Guarantees):*

	<u>FY 2003</u>	<u>FY 2002</u>
<b>Beginning Balance of the Liabilities for Loan Guarantees</b>	\$ 22,346	\$ 17,332
<b>Add Subsidy Expense for Guaranteed Loans Disbursed During the Reporting Years by Component:</b>		
Default Costs (Net of Recoveries)	69,225	6,053
Fees and Other Collections	-	(218)
Total of the above Subsidy Expense Components	69,225	5,835
<b>Adjustments:</b>		
Fees Received	1,545	343
Interest Accumulation on the Liabilities Balance	(49)	(523)
Other	739	-
Ending Balance of the Liabilities Loan for Guarantees Before Reestimates	93,806	22,987
<b>Add or Subtract Subsidy Reestimates by Component:</b>		
Interest Rate Reestimates	(7)	(43)
Technical/Default Reestimates	(120)	(598)
<b>Total of the above Reestimate Components</b>	(127)	(641)
<b>Ending Balance of the Liabilities for Loan Guarantees</b>	<u>\$ 93,679</u>	<u>\$ 22,346</u>

*Administrative Expenses:*

Administrative expenses in support of the Department's direct loan and loan guarantee programs consists of:

<u>Direct Loan Program</u>	<u>FY 2003</u>	<u>FY 2002</u>
Fisheries Finance Direct Loans	\$ 125	\$ 2,541
CEIP	218	294
Drought Loan Portfolio and Economic Development Revolving Fund	1,004	1,138
Total	<u>\$ 1,347</u>	<u>\$ 3,973</u>
 <u>Loan Guarantee Program</u>	 <u>FY 2003</u>	 <u>FY 2002</u>
Emergency Oil and Gas Loan Guarantee Program	\$ 363	\$ 209
Emergency Steel Loan Guarantee Program	1,003	797
Total	<u>\$ 1,366</u>	<u>\$ 1,006</u>



**NOTE 6. Inventory, Materials, and Supplies, Net**

Category	Cost Flow Assumption	FY 2003	FY 2002
<b>Inventory</b>			
Items Held for Current Sale			
NIST Standard Reference Materials	First-in, First-out	\$ 22,404	\$ 22,837
Other	Various	1,921	2,000
Allowance for Excess, Obsolete and Unserviceable Items		(402)	(1,469)
Subtotal		23,923	23,368
<b>Materials and Supplies</b>			
Items Held for Use			
NOAA's National Logistics Support Center	Weighted Average	\$ 49,069	\$ 47,792
NOAA's National Reconditioning Center	Weighted Average	40,185	36,903
Other	Various	2,206	3,334
Allowance for Excess, Obsolete, and Unserviceable Items		(14,007)	(12,463)
Subtotal		77,453	75,566
Total		\$ 101,376	\$ 98,934

NIST's Standard Reference Materials Program provides reference materials for quality assurance of measurements.

NOAA's Materials and Supplies are primarily repair parts for weather forecasting equipment.

**NOTE 7. General Property, Plant, and Equipment, Net**

FY 2003				
Category	Useful Life (Years)	Cost	Accumulated Depreciation	Net Book Value
Land and Land Improvements	30	\$ 14,963	\$ (620)	\$ 14,343
Structures, Facilities, and Leasehold Improvements	2-60	632,178	(275,313)	356,865
Satellites/Weather Systems Personal Property	3-20	4,309,297	(3,054,699)	1,254,598
Other Personal Property	3-30	1,303,228	(806,485)	496,743
Assets Under Capital Lease	3-40	64,016	(37,895)	26,121
Construction-in-Progress	N/A	2,513,436	-	2,513,436
Total		<u>\$ 8,837,118</u>	<u>\$ (4,175,012)</u>	<u>\$ 4,662,106</u>

  

FY 2002				
Category	Useful Life (Years)	Cost	Accumulated Depreciation	Net Book Value
Land and Land Improvements	30	\$ 14,891	\$ (551)	\$ 14,340
Structures, Facilities, and Leasehold Improvements	2-60	622,258	(260,085)	362,173
Satellites/Weather Systems Personal Property	3-20	3,892,595	(2,538,236)	1,354,359
Other Personal Property	3-30	1,147,056	(722,063)	424,993
Assets Under Capital Lease	3-40	66,953	(29,816)	37,137
Construction-in-Progress	N/A	2,350,731	-	2,350,731
Total		<u>\$ 8,094,484</u>	<u>\$ (3,550,751)</u>	<u>\$ 4,543,733</u>

Land Improvements consist of a bulkhead that has a useful life of 30 years.

**NOTE 8. Other Assets**

	<b>FY 2003</b>	<b>FY 2002</b>
<b>With the Public</b>		
Notes Receivable	\$ 5,939	\$ 7,258
Bibliographic Database	5,864	5,874
Other	909	46
<b>Total</b>	<b>\$ 12,712</b>	<b>\$ 13,178</b>

As of September 30, 2003 and 2002, there are five and eight Notes Receivable, respectively, with maturity dates ranging from November 2003 to July 2024. The balances include accrued interest. These Notes are considered fully collectible.

The bibliographic database relates to NTIS' scientific and technical information used to prepare products and services for sale. The database is stated at capitalized costs of \$43.9 million and \$41.3 million, less accumulated amortization of \$38 million and \$35.4 million, for September 30, 2003 and 2002, respectively.

**NOTE 9. Non-Entity Assets**

The assets that are not available for use in the Department's operations are summarized below:

	<b>FY 2003</b>	<b>FY 2002</b>
<b>Intragovernmental:</b>		
Fund Balance with Treasury	\$ 104,425	\$ 92,474
Accounts Receivable, Net	4,671	-
<b>Total Intragovernmental</b>	<b>109,096</b>	<b>92,474</b>
<b>With the Public:</b>		
Cash	953	376
Accounts Receivable, Net	260	761
Loans Receivable and Related Foreclosed Property, Net- Drought Loan Portfolio	36,462	39,657
<b>Total</b>	<b>\$ 146,771</b>	<b>\$ 133,268</b>

## NOTE 10. Debt to Treasury

Loan Program	FY 2003		
	Beginning Balance	Net Borrowings (Repayments)	Ending Balance
<b>Direct Loan Program</b>			
Fisheries Finance, Financing Account	\$ 170,374	\$ 162	\$ 170,536
<b>Loan Guarantee Program</b>			
FVOG Program	12,940	(975)	11,965
Emergency Steel Loan Guarantee Program	79,199	(50,000)	29,199
Total	<u>\$ 262,513</u>	<u>\$ (50,813)</u>	<u>\$ 211,700</u>

Maturity dates range from September 2006 to September 2029, and interest rates range from 4.95% to 7.26%.

Loan Program	FY 2002		
	Beginning Balance	Net Borrowings (Repayments)	Ending Balance
<b>Direct Loan Program</b>			
Fisheries Finance, Financing Account	\$ 182,260	\$ (11,886)	\$ 170,374
<b>Loan Guarantee Program</b>			
FVOG Program	13,673	(733)	12,940
Emergency Steel Loan Guarantee Program	-	79,199	79,199
Total	<u>\$ 195,933</u>	<u>\$ 66,580</u>	<u>\$ 262,513</u>

Maturity dates range from September 2005 to September 2029 and interest rates range from 5.36% to 7.26%.

**NOTE 11. Other Liabilities**

	FY 2003			FY 2002
	Current Portion	Non-Current Portion	Total	Total
<b>Intragovernmental</b>				
Accrued FECA Liability	\$ 34,721	\$ 2,938	\$ 37,659	\$ 36,727
Accrued Benefits	14,609	-	14,609	10,914
Custodial Activity	507	-	507	994
Other	3,221	-	3,221	7,841
Total	<u>\$ 53,058</u>	<u>\$ 2,938</u>	<u>\$ 55,996</u>	<u>\$ 56,476</u>
<b>With the Public</b>				
ITA Foreign Service Nationals' Voluntary Separation Pay	\$ -	\$ 8,175	\$ 8,175	\$ 7,174
Liabilities for Loan Guarantees	-	93,679	93,679	22,346
Contingent Liabilities	42,500	-	42,500	2,000
Employment Related	2,092	-	2,092	2,166
Other	16,178	1,126	17,304	6,564
Total	<u>\$ 60,770</u>	<u>\$ 102,980</u>	<u>\$ 163,750</u>	<u>\$ 40,250</u>

The Current Portion represents liabilities expected to be paid by September 30, 2004, while the Non-Current portion represents liabilities expected to be paid after September 30, 2004.

## NOTE 12. Actuarial FECA Liability and NOAA Corps Employee Retirement Benefits Liabilities

*These liabilities consist of:*

	FY 2003	FY 2002
Actuarial FECA Liability	\$ 200,054	\$ 190,687
NOAA Corps Retirement System Liability	326,600	316,195
NOAA Corps Post-Retirement Health Benefits Liabilities	121,377	136,577
Total	<u>\$ 648,031</u>	<u>\$ 643,459</u>

### *Actuarial FECA Liability:*

For discounting projected annual future benefit payments to present value, the interest rate assumptions used by the Department of Labor were as follows:

	FY 2003	FY 2002
Year 1	3.84%	5.20%
Year 2 and Thereafter	4.35%	5.20%

The wage inflation factors (Cost of Living Allowance) and medical inflation factors (Consumer Price Index - Medical) applied to the calculation of projected future benefits, and also used to adjust the methodology's historical payments to current year constant dollars, were as follows:

FY 2003		
Fiscal Year	Cost of Living Allowance	Consumer Price Index - Medical
2004	2.30%	3.21%
2005	2.00%	3.54%
2006	1.83%	3.64%
2007	1.97%	3.80%
2008 and Thereafter	2.17%	3.92%
FY 2002		
Fiscal Year	Cost of Living Allowance	Consumer Price Index - Medical
2003	1.80%	4.31%
2004	2.67%	4.01%
2005	2.40%	4.01%
2006 and Thereafter	2.40%	4.01%

**NOAA Corps Retirement System Liability:** This liability represents the unfunded actuarial present value of projected plan benefits. The actuarial calculations used the following U.S. Department of Defense Retirement Board economic assumptions:

	<u>FY 2003</u>	<u>FY 2002</u>
Investment Earnings on Federal Securities	6.25%	6.25%
Annual Basic Pay Increases	3.50%	3.50%
Annual Inflation	3.00%	3.00%

The related pension costs included in the *Consolidated Statements of Net Cost*, are as follows:

	<u>FY 2003</u>	<u>FY 2002</u>
Normal Cost	\$ 4,600	\$ 4,250
Interest on the Unfunded Liability	19,400	18,380
Actuarial (Gains) Losses	500	6,400
Total Pension Cost	<u>\$ 24,500</u>	<u>\$ 29,030</u>

**NOAA Corps Post-Retirement Health Benefits Liability:** This liability represents the unfunded actuarial present value of projected post-retirement plan benefits. The actuarial calculations used the same U.S. Department of Defense Retirement Board economic assumptions as used for the NOAA Corps Retirement System actuarial calculations. The claims costs used to derive the post-retirement liabilities were taken from the analysis of the U.S. Military's Projected Retiree Medical Liabilities reports for FY 2003 and FY 2002.

The related post-retirement health benefits costs included in the *Consolidated Statements of Net Cost* are as follows:

	<u>FY 2003</u>	<u>FY 2002</u>
Normal Cost	\$ 2,800	\$ 2,757
Interest on the Unfunded Liability	8,400	7,575
Actuarial (Gains) Losses	(23,900)	6,235
(Gains) Losses due to Changes in Medical Inflation	-	12,200
Total Post-Retirement Health Benefits Costs	<u>\$ (12,700)</u>	<u>\$ 28,767</u>

**NOTE 13. Environmental and Disposal Liabilities**

	<u>FY 2003</u>	<u>FY 2002</u>
Pribiloff Island Cleanup	\$ 33,590	\$ 78,690
Nuclear Reactor	40,700	39,537
Other	3,055	2,962
Total	<u>\$ 77,345</u>	<u>\$ 121,189</u>

**NOTE 14. Leases***Capital Leases*

Assets under capital leases are as follows:

	<u>FY 2003</u>	<u>FY 2002</u>
Structure, Facilities, and Leasehold Improvements	\$ 47,370	\$ 47,152
Equipment	16,646	19,801
Less: Accumulated Depreciation	(37,895)	(29,816)
Net Assets Under Capital Leases	<u>\$ 26,121</u>	<u>\$ 37,137</u>

Capital Lease Liabilities are primarily related to NIST and NOAA. In 1996, NIST entered into a capital lease for an office building in Gaithersburg, Maryland. NOAA has real property capital leases covering both land and buildings. The majority of these leases are for weather forecasting offices, but the leases are also for radar system sites, river forecasting centers, and National Weather Service enforcement centers. NOAA's real property capital leases have an average life of 22 years.



*Capital Lease Liabilities*

Future payments due under capital leases are as follows:

FY 2003			
Fiscal Year	General PP&E Category		Total
	Real Property	Personal Property	
2004	\$ 6,797	4,683	\$ 11,480
2005	6,673	1,964	8,637
2006	3,848	1,989	5,837
2007	2,948	1,811	4,759
2008	2,650	1,840	4,490
Thereafter	27,261	1,887	29,148
Total Future Lease Payments	50,177	14,174	64,351
Less: Imputed Interest	(22,487)	(1,140)	(23,627)
Less: Executory Cost	(6,102)	(11,326)	(17,428)
Net Capital Lease Liabilities	\$ 21,588	\$ 1,708	\$ 23,296

FY 2002			
Fiscal Year	General PP&E Category		Total
	Real Property	Personal Property	
2003	\$ 6,972	\$ 8,727	\$ 15,699
2004	6,473	3,150	9,623
2005	6,487	1,999	8,486
2006	3,782	1,996	5,778
2007	2,894	1,815	4,709
Thereafter	29,171	3,745	32,916
Total Future Lease Payments	55,779	21,432	77,211
Less: Imputed Interest	(24,701)	(537)	(25,238)
Less: Executory Cost	(6,557)	(12,751)	(19,308)
Net Capital Lease Liabilities	\$ 24,521	\$ 8,144	\$ 32,665

*Operating Leases*

Most of the Department's facilities are rented from the U.S. General Services Administration (GSA), which generally charges rent that is intended to approximate commercial rental rates. For federal-owned property rented from GSA, the Department generally does not execute an agreement with GSA; the Department, however, is normally required to give 120 to 180 days notice to vacate. For non-federal owned property rented from GSA, an occupancy agreement is generally executed, and the Department may normally cancel these agreements with 120 days notice.

The aggregate of (1) the Department's future payments due under noncancellable operating leases; and (2) the Department's estimated real property rent payments to GSA for FY 2004 through FY 2008 are as follows:

FY 2003			
General PP&E Category			
Fiscal Year	GSA Real Property	Non-GSA Real Property	Personal Property
2004	\$ 212,901	\$ 19,307	\$ 25,925
2005	216,970	16,723	26,030
2006	214,861	12,921	12,685
2007	236,458	11,542	3,505
2008	232,577	10,655	3,607
Thereafter	<sup>1</sup>	43,715	-
Total Future Lease Payments		\$ 114,863	\$ 71,752

<sup>1</sup> Not Estimated

**NOTE 15. Liabilities Not Covered by Budgetary Resources**

	<u>FY 2003</u>	<u>FY 2002</u>
Intragovernmental:		
Accounts Payable	\$ 1,784	\$ -
Unearned Revenue	1,237	-
Accrued FECA Liability	34,660	33,087
Other	3,729	10,185
Total Intragovernmental	<u>41,410</u>	<u>43,272</u>
Accrued Payroll	20,530	21,447
Accrued Annual Leave	179,377	167,998
Actuarial FECA Liability and NOAA Corps Employee Retirement Benefits Liabilities	648,031	643,459
Environmental and Disposal Liabilities	77,345	115,299
Contingent Liabilities	42,500	2,000
Capital Lease Liabilities	23,296	27,947
Unearned Revenue	490,976	458,889
ITA Foreign Service Nationals' Voluntary Separation Pay	8,175	7,174
Other	947	2,153
Total	<u>\$ 1,532,587</u>	<u>\$ 1,489,638</u>

Due to the unique funding structure of USPTO, the Unearned Revenue as of September 30 reported above is the portion of USPTO's unearned patent and trademark fees that is considered not covered by budgetary resources.

## NOTE 16. Commitments and Contingencies

### *Commitments:*

The Department has entered into long-term contracts for the purchase, construction, and modernization of environmental satellites and weather measuring and monitoring systems. A summary of major long-term commitments is shown below.

### *Major Long-Term Commitments:*

Description	FY 2003						Total
	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	Thereafter	
Geostationary Operational Environmental Satellites	\$ 277,500	\$ 330,400	\$ 271,900	\$ 253,200	\$ 240,600	\$ 2,097,500	\$ 3,471,100
Convergence Satellites	276,700	317,200	358,200	318,600	249,900	1,146,400	2,667,000
Polar Operational Environmental Satellites	114,400	85,200	63,100	66,300	48,700	11,600	389,300
Other Weather Service	101,935	99,111	64,703	61,046	58,337	112,070	497,202
Total	<u>\$ 770,535</u>	<u>\$ 831,911</u>	<u>\$ 757,903</u>	<u>\$ 699,146</u>	<u>\$ 597,537</u>	<u>\$ 3,367,570</u>	<u>\$ 7,024,602</u>

### *Contingencies:*

The Department is party in various administrative proceedings, legal actions, environmental suits, and claims brought against it. In the opinion of the Department's management and legal counsel, the ultimate resolution of these proceedings, actions, and claims will not materially affect the financial position or net costs of the Department.

The Department and other federal agencies are subject to liabilities for a variety of environmental cleanup costs, many of which are associated with the Second World War, at various sites within the U. S. The exact amount of these claims against the U.S. Government is unknown, but may exceed \$\_\_\_\_\_ billion as of September 30, 2003. It is not possible to speculate as to a range of loss for these claims. In the absence of a settlement agreement, decree, or judgment, there is neither an allocation of response costs between the U.S. Government and other potentially responsible parties, nor is there an attribution of such costs to or among the federal agencies implicated in the litigation. Although the Department has been implicated as a responsible party, the U.S. Department of Justice was unable to provide an amount that is attributable to the Department.

The Department and other federal agencies are party to other suits, with claim amounts that may exceed \$\_\_\_\_\_ billion as of September 30, 2003. In addition, there are other suits with no claim amounts. For all of these suits, it is reasonably possible that an adverse outcome will result. It is not possible, however, to speculate as to a range of loss. Of these claims, most will be funded by Treasury's Judgment Fund, if any amounts are ultimately due.

The Department is subject to suits where adverse outcomes are probable and claims are approximately \$\_\_ million and \$21 million as of September 30, 2003 and 2002, respectively. The range of loss for these suits is between \$\_ million and \$\_\_ million as of September 30, 2003, and between \$2 million and \$21 million as of September 30, 2002. Accordingly, \$\_ million and \$2 million of contingent liabilities were accrued on the *Consolidated Balance Sheets* as of September 30, 2003 and 2002, respectively. For a majority of these cases, any settlements will be paid out of Treasury's Judgment Fund. Once the claims are settled or court judgments are assessed against the Department, the liability will be removed from the financial statements and an Imputed Cost (representing the amount to be paid by Treasury's Judgment Fund) and related Imputed Financing Source will be recognized.

During FY 2002, a multi-agency case was settled for \$115 million to be paid from Treasury's Judgment Fund. The Department was unable to obtain an allocation of the settlement amount; therefore, the amount is not included in these financial statements.

***Guaranteed Loan Contingencies:***

**Fishing Vessels Obligation Guarantee Program:** This loan guarantee program has outstanding non-acquired guaranteed loans (fully guaranteed by the Department) as of September 30, 2003 and 2002, with outstanding principal balances totaling \$56.6 million and \$68.7 million, respectively. A liability for loan guarantees of \$2.9 million and \$2.7 million is recorded for the outstanding guarantees at September 30, 2003 and 2002, respectively.

**Economic Development Revolving Fund:** This program has one outstanding non-acquired guaranteed loan (fully guaranteed by the Department) with an outstanding principal balance totaling \$400 thousand and \$372 thousand at September 30, 2003 and 2002, respectively. This loan guarantee has been terminated for noncompliance with the terms of the guarantee. The estimated range of liability for this guarantee is between \$0 and \$400 thousand for September 30, 2003, and \$0 and \$372 thousand for September 30, 2002, depending on the outcome of negotiations or court action or on the passage of time, until the statute of limitations runs out.

**Emergency Steel Loan Guarantee Program:** This program has two and one outstanding non-acquired guaranteed loans as of September 30, 2003 and 2002, respectively, with an outstanding principal balance of \$381.3 million and \$40.4 million as of September 30, 2003 and 2002, respectively. The Department's guarantee percentages range from 85 percent to 95 percent of the loan guarantees outstanding. Funds were borrowed from Treasury and will be repaid out of subsequent collections on loan collateral, and, if required, by funding from permanent indefinite appropriations authority authorized by the Federal Credit Reform Act. A liability for loan guarantees of \$89.5 million and \$18.2 million is recorded for the outstanding guarantee at September 30, 2003 and 2002, respectively.

**Emergency Oil and Gas Loan Guarantee Program:** This program has three outstanding non-acquired guaranteed loans as of September 30, 2003 and 2002, with outstanding principal balances totaling \$1.8 million and \$2.4 million as of September 30, 2003 and 2002, respectively. The Department's guarantee percentage is 85 percent for these loans. A liability for loan guarantees of \$1.3 million and \$1.4 million is recorded for the outstanding guarantees at September 30, 2003 and 2002, respectively.

## NOTE 17. Net Position

### *FY 2003 Change In Accounting Principle*

In accordance with SFFAS No. 21, *Reporting Corrections of Errors and Changes in Accounting Principles*, a change in accounting principle is not shown as a restatement to the prior period financial statements.

#### *Unexpended Appropriations:*

Reverse Appropriations Used Previously Recorded in FY 2000 and FY 2001 for a NOAA Appropriated Fund, due to a Change in Accounting Principle Resulting from Additional Treasury Guidance, Regarding the Recording of the Corresponding Intra-bureau Transfers In as Nonexpenditure Transfers In, Rather than as Appropriations Transfers In	\$ 135,918
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#### *Cumulative Results of Operations:*

Reverse Appropriations Used Previously Recorded in FY 2000 and FY 2001 for a NOAA Appropriated Fund, due to a Change in Accounting Principle Resulting from Additional Treasury Guidance, Regarding the Recording of the Corresponding Intra-bureau Transfers In as Nonexpenditure Transfers In, Rather than as Appropriations Transfers In	\$ (135,918)
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### *Restatement to FY 2002 Financial Statements*

In accordance with SFFAS No. 21, the FY 2002 financial statements have been restated for an error discovered in FY 2003. The following correction is reflected in the restated FY 2002 Balance Sheet and Statement of Changes in Net Position.

#### *Cumulative Results of Operations:*

Cumulative Results of Operations as of September 30, 2002, as Previously Presented	\$ 4,199,702
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#### Restatement:

Reclassify Cumulative Results of Operations Balance as of September 30, 2002 for EDA's Economic Development Revolving Fund, a Pre-Credit Reform Liquidating Fund, to the Resources Payable to Treasury Liability. Liquidating Fund Assets in Excess of Liabilities that are Being Held as Working Capital Must be Returned to Treasury.	(34,863)
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Cumulative Results of Operations as of September 30, 2002, as Restated	\$ 4,164,839
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## NOTE 18. Consolidated Statement of Net Cost

### *FY 2003 Consolidating Statement of Net Cost:*

	NOAA	USPTO	ESA	TA	Other Bureaus	Departmental Management	Combining Totals	Intra-Departmental Eliminations	Consolidating Totals
<b>COSTS:</b>									
<b>Strategic Goal 1: Provide the Information and the Framework to Enable the Economy to Operate Efficiently and Equitably</b>									
Intragovernmental Gross Costs	\$ -	\$ -	\$ 262,597	\$ -	\$ 192,213	\$ 60,097	\$ 514,907	\$ (67,901)	\$ 447,006
Gross Costs with the Public	-	-	704,662	-	866,139	44,313	1,615,114	-	1,615,114
Total Gross Costs	-	-	967,259	-	1,058,352	104,410	2,130,021	(67,901)	2,062,120
Intragovernmental Earned Revenue	-	-	(233,117)	-	(42,849)	(77,014)	(352,980)	67,901	(285,079)
Earned Revenue From the Public	-	-	2,135	-	(13,147)	-	(11,012)	-	(11,012)
Total Earned Revenue	-	-	(230,982)	-	(55,996)	(77,014)	(363,992)	67,901	(296,091)
<b>Net Program Costs</b>	<b>-</b>	<b>-</b>	<b>736,277</b>	<b>-</b>	<b>1,002,356</b>	<b>27,396</b>	<b>1,766,029</b>	<b>-</b>	<b>1,766,029</b>
<b>Strategic Goal 2: Provide Infrastructure for Innovation to Enhance American Competitiveness</b>									
Intragovernmental Gross Costs	-	245,925	-	118,442	232	60,097	424,696	(64,783)	359,913
Gross Costs with the Public	-	959,020	-	762,875	84,337	44,485	1,850,717	-	1,850,717
Total Gross Costs	-	1,204,945	-	881,317	84,569	104,582	2,275,413	(64,783)	2,210,630
Intragovernmental Earned Revenue	-	(5,159)	-	(105,284)	-	(77,014)	(187,457)	64,783	(122,674)
Earned Revenue From the Public	-	(1,159,043)	-	(43,923)	-	-	(1,202,966)	-	(1,202,966)
Total Earned Revenue	-	(1,164,202)	-	(149,207)	-	(77,014)	(1,390,423)	64,783	(1,325,640)
<b>Net Program Costs</b>	<b>-</b>	<b>40,743</b>	<b>-</b>	<b>732,110</b>	<b>84,569</b>	<b>27,568</b>	<b>884,990</b>	<b>-</b>	<b>884,990</b>
<b>Strategic Goal 3: Observe and Manage the Earth's Environment to Promote Sustainable Growth</b>									
Intragovernmental Gross Costs	446,385	-	-	-	-	60,117	506,502	(65,438)	441,064
Gross Costs with the Public	3,046,445	-	-	-	-	44,326	3,090,771	-	3,090,771
Total Gross Costs	3,492,830	-	-	-	-	104,443	3,597,273	(65,438)	3,531,835
Intragovernmental Earned Revenue	(152,571)	-	-	-	-	(77,036)	(229,607)	65,438	(164,169)
Earned Revenue From the Public	(61,927)	-	-	-	-	-	(61,927)	-	(61,927)
Total Earned Revenue	(214,498)	-	-	-	-	(77,036)	(291,534)	65,438	(226,096)
<b>Net Program Costs</b>	<b>3,278,332</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>27,407</b>	<b>3,305,739</b>	<b>-</b>	<b>3,305,739</b>
<b>NET COST OF OPERATIONS</b>	<b>\$ 3,278,332</b>	<b>\$ 40,743</b>	<b>\$ 736,277</b>	<b>\$ 732,110</b>	<b>\$ 1,086,925</b>	<b>\$ 82,371</b>	<b>\$ 5,956,758</b>	<b>\$ -</b>	<b>\$ 5,956,758</b>

*FY 2002 Consolidating Statement of Net Cost:*

	NOAA	USPTO	ESA	TA	Other Bureaus	Departmental Management	Combining Totals	Intra-Departmental Eliminations	Consolidating Totals
<b>COSTS:</b>									
<b>Strategic Goal 1: Provide the Information and the Framework to Enable the Economy to Operate Efficiently and Equitably</b>									
Intragovernmental Gross Costs	\$ -	\$ -	\$ 279,738	\$ -	\$ 175,842	\$ 59,487	\$ 515,067	\$ (65,466)	\$ 449,601
Gross Costs with the Public	-	-	683,593	-	799,801	38,989	1,522,383	-	1,522,383
Total Gross Costs	-	-	963,331	-	975,643	98,476	2,037,450	(65,466)	1,971,984
Intragovernmental Earned Revenue	-	-	(197,218)	-	(35,182)	(72,621)	(305,021)	65,466	(239,555)
Earned Revenue From the Public	-	-	(24,604)	-	(12,244)	(25)	(36,873)	-	(36,873)
Total Earned Revenue	-	-	(221,822)	-	(47,426)	(72,646)	(341,894)	65,466	(276,428)
<b>Net Program Costs</b>	<b>-</b>	<b>-</b>	<b>741,509</b>	<b>-</b>	<b>928,217</b>	<b>25,830</b>	<b>1,695,556</b>	<b>-</b>	<b>1,695,556</b>
<b>Strategic Goal 2: Provide Infrastructure for Innovation to Enhance American Competitiveness</b>									
Intragovernmental Gross Costs	-	231,153	-	94,837	4,633	59,485	390,108	(72,050)	318,058
Gross Costs with the Public	-	930,970	-	660,648	27,175	38,990	1,657,783	-	1,657,783
Total Gross Costs	-	1,162,123	-	755,485	31,808	98,475	2,047,891	(72,050)	1,975,841
Intragovernmental Earned Revenue	-	(5,496)	-	(109,586)	(43)	(72,620)	(187,745)	72,050	(115,695)
Earned Revenue From the Public	-	(1,053,892)	-	(45,385)	-	(25)	(1,099,302)	-	(1,099,302)
Total Earned Revenue	-	(1,059,388)	-	(154,971)	(43)	(72,645)	(1,287,047)	72,050	(1,214,997)
<b>Net Program Costs</b>	<b>-</b>	<b>102,735</b>	<b>-</b>	<b>600,514</b>	<b>31,765</b>	<b>25,830</b>	<b>760,844</b>	<b>-</b>	<b>760,844</b>
<b>Strategic Goal 3: Observe and Manage the Earth's Environment to Promote Sustainable Growth</b>									
Intragovernmental Gross Costs	491,755	-	-	-	-	59,505	551,260	(65,351)	485,909
Gross Costs with the Public	2,736,001	-	-	-	-	39,003	2,775,004	-	2,775,004
Total Gross Costs	3,227,756	-	-	-	-	98,508	3,326,264	(65,351)	3,260,913
Intragovernmental Earned Revenue	(173,744)	-	-	-	(44)	(72,643)	(246,431)	65,351	(181,080)
Earned Revenue From the Public	(47,017)	-	-	-	-	(25)	(47,042)	-	(47,042)
Total Earned Revenue	(220,761)	-	-	-	(44)	(72,668)	(293,473)	65,351	(228,122)
<b>Net Program Costs</b>	<b>3,006,995</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(44)</b>	<b>25,840</b>	<b>3,032,791</b>	<b>-</b>	<b>3,032,791</b>
<b>NET COST OF OPERATIONS</b>	<b>\$ 3,006,995</b>	<b>\$ 102,735</b>	<b>\$ 741,509</b>	<b>\$ 600,514</b>	<b>\$ 959,938</b>	<b>\$ 77,500</b>	<b>\$ 5,489,191</b>	<b>\$ -</b>	<b>\$ 5,489,191</b>



**Gross Costs and Earned Revenue by Budget Functional Classification****FY 2003**

Budget Functional Classification	Gross Costs	Earned Revenue	Net Cost
300 Natural Resources and Environment	\$ 3,435,742	\$ (191,117)	\$ 3,244,625
370 Commerce and Housing Credit	3,835,430	(1,643,719)	2,191,711
450 Community and Regional Development	448,843	(12,991)	435,852
500 Education, Training, Employment, and Social Services	84,570	-	84,570
Total	<u>\$ 7,804,585</u>	<u>\$ (1,847,827)</u>	<u>\$ 5,956,758</u>

**FY 2002**

Budget Functional Classification	Gross Costs	Earned Revenue	Net Cost
300 Natural Resources and Environment	\$ 3,188,417	\$ (197,541)	\$ 2,990,876
370 Commerce and Housing Credit	3,603,515	(1,510,027)	2,093,488
450 Community and Regional Development	384,998	(11,979)	373,019
500 Education, Training, Employment, and Social Services	31,808	-	31,808
Total	<u>\$ 7,208,738</u>	<u>\$ (1,719,547)</u>	<u>\$ 5,489,191</u>

**Intragovernmental Gross Costs and Earned Revenue by Budget Functional Classification****FY 2003**

Budget Functional Classification	Intragovernmental Gross Costs	Intragovernmental Earned Revenue	Intragovernmental Net Cost
300 Natural Resources and Environment	\$ 426,943	\$ (142,634)	\$ 284,309
370 Commerce and Housing Credit	807,603	(418,202)	389,401
450 Community and Regional Development	13,204	(11,086)	2,118
500 Education, Training, Employment, and Social Services	233	-	233
Total	<u>\$ 1,247,983</u>	<u>\$ (571,922)</u>	<u>\$ 676,061</u>

**FY 2002**

Budget Functional Classification	Intragovernmental Gross Costs	Intragovernmental Earned Revenue	Intragovernmental Net Cost
300 Natural Resources and Environment	\$ 469,619	\$ (162,154)	\$ 307,465
370 Commerce and Housing Credit	767,084	(364,782)	402,302
450 Community and Regional Development	12,232	(9,394)	2,838
500 Education, Training, Employment, and Social Services	4,633	-	4,633
Total	<u>\$ 1,253,568</u>	<u>\$ (536,330)</u>	<u>\$ 717,238</u>

**Major Programs:** The following tables illustrate major programs of the Department. "Other Programs" refers to the other programs within each strategic goal. The "Others" column refers to the Department's entities that are not listed. The Others column data and the Other Programs data are presented solely to reconcile these tables to the Combining Totals columns on the *Consolidating Statements of Net Cost*.

**FY 2003 Statement of Net Cost by Major Program (Combining Basis):**

Program Costs	NOAA	Census Bureau	NIST	USPTO	Others	Combining Totals
<b>Strategic Goal 1:</b>						
<b>Provide the Information and the Framework to Enable the Economy to Operate Efficiently and Equitably</b>						
<b>Decennial 2000</b>						
Intragovernmental Gross Costs	\$ -	\$ 25,903	\$ -	\$ -	\$ -	\$ 25,903
Gross Costs With the Public	-	170,450	-	-	-	170,450
Total Gross Costs	-	196,353	-	-	-	196,353
Intragovernmental Earned Revenue	-	-	-	-	-	-
Earned Revenue From the Public	-	-	-	-	-	-
Total Earned Revenue	-	-	-	-	-	-
<b>Net Program Costs</b>	<b>-</b>	<b>196,353</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>196,353</b>
<b>Other Programs</b>						
Intragovernmental Gross Costs	-	212,249	-	-	276,755	489,004
Gross Costs With the Public	-	481,787	-	-	962,877	1,444,664
Total Gross Costs	-	694,036	-	-	1,239,632	1,933,668
Intragovernmental Earned Revenue	-	(231,420)	-	-	(121,560)	(352,980)
Earned Revenue From the Public	-	4,135	-	-	(15,147)	(11,012)
Total Earned Revenue	-	(227,285)	-	-	(136,707)	(363,992)
<b>Net Program Costs</b>	<b>-</b>	<b>466,751</b>	<b>-</b>	<b>-</b>	<b>1,102,925</b>	<b>1,569,676</b>
<b>Net Program Costs for Strategic Goal 1</b>	<b>-</b>	<b>663,104</b>	<b>-</b>	<b>-</b>	<b>1,102,925</b>	<b>1,766,029</b>
<b>Strategic Goal 2:</b>						
<b>Provide Infrastructure for Innovation to Enhance American Competitiveness</b>						
<b>Measurement and Standards Laboratories</b>						
Intragovernmental Gross Costs	-	-	69,695	-	-	69,695
Gross Costs With the Public	-	-	471,450	-	-	471,450
Total Gross Costs	-	-	541,145	-	-	541,145
Intragovernmental Earned Revenue	-	-	(59,088)	-	-	(59,088)
Earned Revenue From the Public	-	-	(16,056)	-	-	(16,056)
Total Earned Revenue	-	-	(75,144)	-	-	(75,144)
<b>Net Program Costs</b>	<b>-</b>	<b>-</b>	<b>466,001</b>	<b>-</b>	<b>-</b>	<b>466,001</b>
<b>Patents</b>						
Intragovernmental Gross Costs	-	-	-	219,413	-	219,413
Gross Costs With the Public	-	-	-	855,699	-	855,699
Total Gross Costs	-	-	-	1,075,112	-	1,075,112
Intragovernmental Earned Revenue	-	-	-	(5,049)	-	(5,049)
Earned Revenue From the Public	-	-	-	(1,000,707)	-	(1,000,707)
Total Earned Revenue	-	-	-	(1,005,756)	-	(1,005,756)
<b>Net Program Costs</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>69,356</b>	<b>-</b>	<b>69,356</b>

(Continued)

*FY 2003 Statement of Net Cost by Major Program (Combining Basis) - Continued:*

Program Costs	NOAA	Census Bureau	NIST	USPTO	Others	Combining Totals
<b>Trademarks</b>						
Intragovernmental Gross Costs	\$ -	\$ -	\$ -	\$ 26,511	\$ -	\$ 26,511
Gross Costs With the Public	-	-	-	103,321	-	103,321
Total Gross Costs	-	-	-	129,832	-	129,832
Intragovernmental Earned Revenue	-	-	-	(109)	-	(109)
Earned Revenue From the Public	-	-	-	(158,336)	-	(158,336)
Total Earned Revenue	-	-	-	(158,445)	-	(158,445)
<b>Net Program Costs</b>	-	-	-	<b>(28,613)</b>	-	<b>(28,613)</b>
<b>Other Programs</b>						
Intragovernmental Gross Costs	-	-	38,781	-	70,296	109,077
Gross Costs With the Public	-	-	262,333	-	157,914	420,247
Total Gross Costs	-	-	301,114	-	228,210	529,324
Intragovernmental Earned Revenue	-	-	(32,879)	-	(90,332)	(123,211)
Earned Revenue From the Public	-	-	(11,880)	-	(15,987)	(27,867)
Total Earned Revenue	-	-	(44,759)	-	(106,319)	(151,078)
<b>Net Program Costs</b>	-	-	<b>256,355</b>	-	<b>121,891</b>	<b>378,246</b>
<b>Net Program Costs for Strategic Goal 2</b>	-	-	<b>722,356</b>	<b>40,743</b>	<b>121,891</b>	<b>884,990</b>
<b>Strategic Goal 3: Observe and Manage the Earth's Environment to Promote Sustainable Growth</b>						
<b>Advance Short Term Warning Forecast Service</b>						
Intragovernmental Gross Costs	199,379	-	-	-	-	199,379
Gross Costs With the Public	1,289,509	-	-	-	-	1,289,509
Total Gross Costs	1,488,888	-	-	-	-	1,488,888
Intragovernmental Earned Revenue	(49,055)	-	-	-	-	(49,055)
Earned Revenue From the Public	(19,911)	-	-	-	-	(19,911)
Total Earned Revenue	(68,966)	-	-	-	-	(68,966)
<b>Net Program Costs</b>	<b>1,419,922</b>	-	-	-	-	<b>1,419,922</b>
<b>Other Programs</b>						
Intragovernmental Gross Costs	247,006	-	-	-	60,117	307,123
Gross Costs With the Public	1,756,936	-	-	-	44,326	1,801,262
Total Gross Costs	2,003,942	-	-	-	104,443	2,108,385
Intragovernmental Earned Revenue	(103,516)	-	-	-	(77,036)	(180,552)
Earned Revenue From the Public	(42,016)	-	-	-	-	(42,016)
Total Earned Revenue	(145,532)	-	-	-	(77,036)	(222,568)
<b>Net Program Costs</b>	<b>1,858,410</b>	-	-	-	<b>27,407</b>	<b>1,885,817</b>
<b>Net Program Costs for Strategic Goal 3</b>	<b>3,278,332</b>	-	-	-	<b>27,407</b>	<b>3,305,739</b>
<b>NET COST OF OPERATIONS</b>	<b>\$3,278,332</b>	<b>\$ 663,104</b>	<b>\$ 722,356</b>	<b>\$ 40,743</b>	<b>\$1,252,223</b>	<b>\$5,956,758</b>

**FY 2002 Statement of Net Cost by Major Program (Combining Basis):**

Program Costs	NOAA	Census	NIST	USPTO	Others	Combining Totals
<b>Strategic Goal 1:</b>						
<b>Provide the Information and the Framework to Enable the Economy to Operate Efficiently and Equitably</b>						
<b>Decennial 2000</b>						
Intragovernmental Gross Costs	\$ -	\$ 24,001	\$ -	\$ -	\$ -	\$ 24,001
Gross Costs With the Public	-	198,856	-	-	-	198,856
Total Gross Costs	-	222,857	-	-	-	222,857
Intragovernmental Earned Revenue	-	-	-	-	-	-
Earned Revenue From the Public	-	-	-	-	-	-
Total Earned Revenue	-	-	-	-	-	-
<b>Net Program Costs</b>	-	<b>222,857</b>	-	-	-	<b>222,857</b>
<b>Other Programs</b>						
Intragovernmental Gross Costs	-	227,516	-	-	263,550	491,066
Gross Costs With the Public	-	444,401	-	-	879,126	1,323,527
Total Gross Costs	-	671,917	-	-	1,142,676	1,814,593
Intragovernmental Earned Revenue	-	(195,306)	-	-	(109,715)	(305,021)
Earned Revenue From the Public	-	(19,783)	-	-	(17,090)	(36,873)
Total Earned Revenue	-	(215,089)	-	-	(126,805)	(341,894)
<b>Net Program Costs</b>	-	<b>456,828</b>	-	-	<b>1,015,871</b>	<b>1,472,699</b>
<b>Net Program Costs for Strategic Goal 1</b>	-	<b>679,685</b>	-	-	<b>1,015,871</b>	<b>1,695,556</b>
<b>Strategic Goal 2:</b>						
<b>Provide Infrastructure for Innovation to Enhance American Competitiveness</b>						
<b>Measurement and Standards Laboratories</b>						
Intragovernmental Gross Costs	-	-	53,222	-	-	53,222
Gross Costs With the Public	-	-	396,521	-	-	396,521
Total Gross Costs	-	-	449,743	-	-	449,743
Intragovernmental Earned Revenue	-	-	(93,012)	-	-	(93,012)
Earned Revenue From the Public	-	-	(30,870)	-	-	(30,870)
Total Earned Revenue	-	-	(123,882)	-	-	(123,882)
<b>Net Program Costs</b>	-	-	<b>325,861</b>	-	-	<b>325,861</b>
<b>Patents</b>						
Intragovernmental Gross Costs	-	-	-	203,138	-	203,138
Gross Costs With the Public	-	-	-	818,138	-	818,138
Total Gross Costs	-	-	-	1,021,276	-	1,021,276
Intragovernmental Earned Revenue	-	-	-	(5,347)	-	(5,347)
Earned Revenue From the Public	-	-	-	(903,453)	-	(903,453)
Total Earned Revenue	-	-	-	(908,800)	-	(908,800)
<b>Net Program Costs</b>	-	-	-	<b>112,476</b>	-	<b>112,476</b>

(Continued)

*FY 2002 Statement of Net Cost by Major Program (Combining Basis) - Continued:*

Program Costs	NOAA	Census	NIST	USPTO	Others	Combining Totals
<b>Trademarks</b>						
Intragovernmental Gross Costs	\$ -	\$ -	\$ -	\$ 28,015	\$ -	\$ 28,015
Gross Costs With the Public	-	-	-	112,832	-	112,832
Total Gross Costs	-	-	-	140,847	-	140,847
Intragovernmental Earned Revenue	-	-	-	(149)	-	(149)
Earned Revenue From the Public	-	-	-	(150,439)	-	(150,439)
Total Earned Revenue	-	-	-	(150,588)	-	(150,588)
<b>Net Program Costs</b>	-	-	-	<b>(9,741)</b>	-	<b>(9,741)</b>
<b>Other Programs</b>						
Intragovernmental Gross Costs	-	-	31,207	-	74,526	105,733
Gross Costs With the Public	-	-	232,500	-	97,792	330,292
Total Gross Costs	-	-	263,707	-	172,318	436,025
Intragovernmental Earned Revenue	-	-	-	-	(89,237)	(89,237)
Earned Revenue From the Public	-	-	-	-	(14,540)	(14,540)
Total Earned Revenue	-	-	-	-	(103,777)	(103,777)
<b>Net Program Costs</b>	-	-	<b>263,707</b>	-	<b>68,541</b>	<b>332,248</b>
<b>Net Program Costs for Strategic Goal 2</b>	-	-	<b>589,568</b>	<b>102,735</b>	<b>68,541</b>	<b>760,844</b>
<b>Strategic Goal 3: Observe and Manage the Earth's Environment to Promote Sustainable Growth</b>						
<b>Advance Short Term Warning Forecast Service</b>						
Intragovernmental Gross Costs	275,600	-	-	-	-	275,600
Gross Costs With the Public	1,505,035	-	-	-	-	1,505,035
Total Gross Costs	1,780,635	-	-	-	-	1,780,635
Intragovernmental Earned Revenue	(91,002)	-	-	-	-	(91,002)
Earned Revenue From the Public	(4,827)	-	-	-	-	(4,827)
Total Earned Revenue	(95,829)	-	-	-	-	(95,829)
<b>Net Program Costs</b>	<b>1,684,806</b>	-	-	-	-	<b>1,684,806</b>
<b>Other Programs</b>						
Intragovernmental Gross Costs	216,155	-	-	-	59,505	275,660
Gross Costs With the Public	1,230,966	-	-	-	39,003	1,269,969
Total Gross Costs	1,447,121	-	-	-	98,508	1,545,629
Intragovernmental Earned Revenue	(82,742)	-	-	-	(72,687)	(155,429)
Earned Revenue From the Public	(42,190)	-	-	-	(25)	(42,215)
Total Earned Revenue	(124,932)	-	-	-	(72,712)	(197,644)
<b>Net Program Costs</b>	<b>1,322,189</b>	-	-	-	<b>25,796</b>	<b>1,347,985</b>
<b>Net Program Costs for Strategic Goal 3</b>	<b>3,006,995</b>	-	-	-	<b>25,796</b>	<b>3,032,791</b>
<b>NET COST OF OPERATIONS</b>	<b>\$3,006,995</b>	<b>\$ 679,685</b>	<b>\$ 589,568</b>	<b>\$ 102,735</b>	<b>\$1,110,208</b>	<b>\$5,489,191</b>

## NOTE 19. Combined Statements of Budgetary Resources

The amount of Appropriations Received on the *Combined Statements of Budgetary Resources* (SBR) reconciles to the amount reported on the *Consolidated Statements of Changes in Net Position* (SCNP), as follows:

	FY 2003	FY 2002
Appropriations Received per SBR	\$ 5,964,718	\$ 5,813,215
Less:		
Appropriated Receipts for USPTO, Classified as Exchange Revenue	(166,771)	(282,300)
Other Special Receipts for NOAA, Classified as Exchange Revenues	(6,540)	(18,916)
Other	(860)	(928)
Appropriations Received per SCNP	<u>\$ 5,790,547</u>	<u>\$ 5,511,071</u>

Borrowing authority available at September 30, 2003 is \$155,977, for NOAA's loan programs, while borrowing authority available at September 30, 2002 is \$221.9 million, which consists of \$142.7 million for NOAA's loan programs and \$79.2 million for ELGP-Steel. See Note 1M. *Debt to Treasury* for debt repayment requirements, financing sources for repayments, and other terms of borrowing authority used.

Approximately 90 percent of the Department's reporting entities have one or more permanent no-year appropriations to finance operations.

Rescissions to the Department's appropriations under Public Law 108-7 amounted to \$44.2 million for FY 2003, while rescissions for FY 2002 amounted to \$25.3 million and \$5.2 million, under Public Laws 107-206 and 107-77, respectively.

Legal arrangements affecting the Department's use of Unobligated Balances of Budget Authority and/or Fund Balance with Treasury during FY 2003 and FY 2002 include the following:

- The Omnibus Budget Reconciliation Act of 1990 established revenue withholding on certain statutory patent fees collected by USPTO. Subsequent legislation extended the revenue withholding through the end of FY 1998. These withheld revenues were deposited into the Patent and Trademark Surcharge Fund, a restricted Special Fund Receipt Account at Treasury. USPTO may use monies from this account only as authorized by Congress and made available by the issuance of a Treasury warrant. At September 30, 2003 and FY 2002, \$233.5 million is held in the Patent and Trademark Surcharge Fund.
- The USPTO was appropriated approximately \$1 billion and \$844 million for fees collected during FY 2003 and FY 2002, respectively, and it collected an additional \$178.5 million and \$296 million in fees that were not available for spending at September 30, 2003 and 2002, respectively.
- The Coastal Zone Management Fund, which accounts for the Coastal Energy Impact Program direct loans, has \$29.7 million and \$28.4 million of unapportioned authority that was not provided obligational authority pursuant to 16 United States Code 1456a, as of September 30, 2003 and 2002, respectively.
- For loan programs prior to the Federal Credit Reform Act of 1990 (pre-FY 1992 loans), most or all liquidating fund unobligated balances in excess of working capital needs are required to be transferred to Treasury as soon as practical during the following fiscal year.

- For direct loan programs under the Federal Credit Reform Act of 1990 (post-FY 1991 loans) that have outstanding debt to Treasury, regulations require that most unobligated balances be returned to Treasury on September 30, or require that the borrowing authority be cancelled on September 30.
- For guaranteed loan programs under the Federal Credit Reform Act of 1990 that have outstanding debt to Treasury, regulations require that unobligated balances in excess of the outstanding guaranteed loans' principal and interest be returned to Treasury on September 30.

The Budget of the United States Government with actual numbers for FY 2003 has not yet been published. The expected publish date is February 2, 2004. A copy of the Budget can be obtained from the Office of Management and Budget Web site at <http://www.whitehouse.gov/omb>.

### *Apportionment Categories of Obligations Incurred*

The amounts of direct and reimbursable obligations incurred against amounts apportioned under Categories A, B, and Exempt from Apportionment are as follows:

FY 2003			
	Direct	Reimbursable	Total
Category A	\$ 2,008,632	\$ 1,523,100	\$ 3,531,732
Category B	4,297,748	79,284	4,377,032
Exempt from Apportionment	168,944	936,439	1,105,383
Total	<u>\$ 6,475,324</u>	<u>\$ 2,538,823</u>	<u>\$ 9,014,147</u>

  

FY 2002			
	Direct	Reimbursable	Total
Category A	\$ 2,183,881	\$ 1,988,282	\$ 4,172,163
Category B	3,895,855	189,570	4,085,425
Exempt from Apportionment	-	339,031	339,031
Total	<u>\$ 6,079,736</u>	<u>\$ 2,516,883</u>	<u>\$ 8,596,619</u>

## **NOTE 20. Consolidated Statements of Financing**

The section Components Requiring or Generating Resources in Future Periods, shown on the *Consolidated Statements of Financing*, represents costs that are included in the Liabilities Not Covered by Budgetary Resources reported in Note 15. This section does not include costs incurred in prior fiscal years that are also included in Liabilities Not Covered by Budgetary Resources.

## **NOTE 21. Custodial Nonexchange Activity**

NOAA receives interest, penalties, and fines primarily related to its past due Accounts Receivable, and is required to transfer the collections to Treasury. BIS receives civil monetary penalties from private entities that violate the Export Administration Act. For FY 2003, the Department had custodial nonexchange revenue of \$5.7 million; of this amount, \$507 thousand was payable to Treasury at September 30, 2003. For FY 2002, the Department had custodial nonexchange revenue of \$8.3 million; of this amount, \$994 thousand was payable to Treasury at September 30, 2002.



# CONSOLIDATING BALANCE SHEET





United States Department of Commerce Consolidating Balance Sheet  
As of September 30, 2003 (In Thousands)

	Consolidating Totals	Intra- Departmental Eliminations	BIS	Census	DM/G&B	DM/S&E	DM/WCF	EDA	ELGP	ESA/BEA	Franchise Fund	ITA	MBDA	NIST	NOAA	NTIA	NTIS	OIG	TA	USPTO
<b>ASSETS</b>																				
<b>Intragovernmental:</b>																				
Fund Balance with Treasury	\$ 6,502,932	\$ -	\$ 21,432	\$ 374,577	\$ 293	\$ 61,322	\$ 24,334	\$ 1,003,449	\$ 136,916	\$ 17,684	\$ 2,096	\$ 186,417	\$ 13,372	\$ 753,454	\$ 2,716,118	\$ 154,333	\$ 38,350	\$ 2,869	\$ 9,430	\$ 985,586
Accounts Receivable, Net	80,860	(8,937)	31	16,353	4	8,065	534	303	-	5	543	1,657	134	4,511	57,504	5	74	2	72	-
Advances and Prepayments	23,715	(57,696)	1,401	6,150	-	1,641	2,174	406	57	1,094	213	3,437	285	12,640	26,004	720	378	455	108	24,248
<b>Total Intragovernmental</b>	<b>6,607,507</b>	<b>(66,633)</b>	<b>22,864</b>	<b>397,080</b>	<b>297</b>	<b>71,028</b>	<b>27,042</b>	<b>1,004,158</b>	<b>136,973</b>	<b>18,783</b>	<b>3,762</b>	<b>191,511</b>	<b>13,791</b>	<b>770,605</b>	<b>2,799,626</b>	<b>155,058</b>	<b>38,802</b>	<b>3,326</b>	<b>9,610</b>	<b>1,009,834</b>
Cash	14,174	-	-	-	-	-	-	-	-	-	-	266	-	-	2,395	-	58	-	-	11,454
Accounts Receivable, Net	66,927	-	2,047	432	-	21	87	9,380	8	8	-	268	2	8,837	36,253	12	681	-	-	8,891
Loans Receivable and Related	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Inventory, Materials, and Supplies, Net	286,072	-	-	-	-	-	-	57,401	38,350	-	-	-	-	-	180,321	-	-	-	-	-
General Property, Plant and Equipment, Net	4,662,106	-	175	62,129	24	129	11,347	45	-	196	593	6,824	22	601,390	3,859,461	1,997	405	2	3	117,364
Advances and Prepayments	22,014	-	4	2	-	10	-	7,222	-	-	-	2,156	11	847	7,132	-	47	-	-	3,963
Other	12,712	-	-	871	3	-	-	-	-	-	-	-	-	-	5,974	-	5,864	-	-	-
<b>TOTAL ASSETS</b>	<b>\$11,772,888</b>	<b>\$ (66,633)</b>	<b>\$ 25,090</b>	<b>\$ 461,477</b>	<b>\$ 324</b>	<b>\$ 71,188</b>	<b>\$ 39,156</b>	<b>\$1,078,206</b>	<b>\$ 775,331</b>	<b>\$ 18,987</b>	<b>\$ 4,345</b>	<b>\$ 201,625</b>	<b>\$ 13,826</b>	<b>\$1,405,900</b>	<b>\$ 6,976,408</b>	<b>\$ 157,067</b>	<b>\$ 46,124</b>	<b>\$ 3,328</b>	<b>\$ 9,613</b>	<b>\$ 1,151,526</b>
<b>LIABILITIES</b>																				
<b>Intragovernmental:</b>																				
Accounts Payable	\$ 100,772	\$ (8,937)	\$ 669	\$ 9,040	\$ -	\$ 698	\$ 566	\$ 1,784	\$ -	\$ 650	\$ 59	\$ 16,737	\$ 17	\$ 2,643	\$ 62,696	\$ 3,577	\$ 5,838	\$ 29	\$ 1,193	\$ 3,513
Debt to Treasury	211,700	-	-	-	-	-	-	-	29,199	-	-	-	-	-	182,501	-	-	-	-	-
Resource Payable to Treasury	75,221	-	-	-	-	-	-	62,970	-	-	-	-	-	-	12,251	-	-	-	-	-
Unearned Revenue	352,556	(57,696)	1,712	98,963	-	37,004	25,110	59,703	-	156	1,770	439	192	103,324	47,442	12,243	15,788	840	2,400	3,266
Other	55,996	-	701	22,545	-	415	539	428	153	291	1	3,147	411	3,496	18,715	326	112	226	29	4,461
<b>Total Intragovernmental</b>	<b>796,315</b>	<b>(66,633)</b>	<b>3,082</b>	<b>130,548</b>	<b>-</b>	<b>38,117</b>	<b>26,215</b>	<b>124,885</b>	<b>29,352</b>	<b>1,097</b>	<b>1,830</b>	<b>20,323</b>	<b>620</b>	<b>109,463</b>	<b>323,605</b>	<b>16,146</b>	<b>21,738</b>	<b>1,095</b>	<b>3,622</b>	<b>11,240</b>
Accounts Payable	287,214	-	2,563	36,525	25	13,493	7,808	493	457	2,336	800	14,033	556	24,124	84,938	239	1,621	593	-	76,610
Accrued Payroll and Annual Leave	290,976	-	3,079	42,351	-	2,294	4,671	2,561	4	4,427	108	19,070	727	25,895	107,139	2,593	1,257	1,541	698	72,561
Actuarial FICA Liability and NOAA Corps	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Employees Retirement Benefits Liabilities	648,031	-	1,547	107,685	-	1,030	2,558	2,133	-	352	96	10,561	1,975	9,525	501,606	744	612	1,113	-	6,494
Accrued Grants	392,021	-	-	-	-	-	-	266,175	-	-	-	16,758	1,624	44,481	38,677	24,253	-	-	-	653
Environmental and Disposal Liabilities	77,345	-	-	-	-	-	-	-	-	-	-	-	-	40,700	36,645	-	-	-	-	-
Capital Lease Liabilities	23,296	-	-	-	-	-	-	-	-	-	-	-	-	6,864	16,432	-	-	-	-	-
Unearned Revenue	646,460	-	205	10,066	-	-	-	-	-	-	-	3,167	-	13,838	31,743	31	5,802	-	164	581,444
Other	163,750	-	10	1,240	-	-	5,533	9,372	90,806	-	-	8,907	-	3,043	44,808	26	-	-	5	-
<b>TOTAL LIABILITIES</b>	<b>\$ 3,306,038</b>	<b>\$ (66,633)</b>	<b>\$ 10,486</b>	<b>\$ 328,415</b>	<b>\$ 25</b>	<b>\$ 54,934</b>	<b>\$ 46,785</b>	<b>\$ 405,619</b>	<b>\$ 220,619</b>	<b>\$ 8,212</b>	<b>\$ 2,834</b>	<b>\$ 92,819</b>	<b>\$ 5,502</b>	<b>\$ 277,933</b>	<b>\$1,185,593</b>	<b>\$ 44,032</b>	<b>\$ 31,030</b>	<b>\$ 4,342</b>	<b>\$ 5,142</b>	<b>\$ 748,349</b>
<b>NET POSITION</b>																				
Unexpended Appropriations	\$ 4,152,150	\$ -	\$ 17,713	\$ 152,961	\$ -	\$ 17,032	\$ -	\$ 677,042	\$ 54,494	\$ 11,985	\$ -	\$ 136,132	\$ 11,203	\$ 529,422	\$ 2,924,514	\$ 112,511	\$ -	\$ 1,377	\$ 4,838	\$ 26
Cumulative Results of Operations	4,314,700	-	(3,109)	(19,899)	299	(1,678)	(7,629)	(4,455)	218	(1,210)	1,511	(27,326)	(2,879)	598,545	3,366,301	324	15,094	(2,391)	(367)	403,151
<b>TOTAL NET POSITION</b>	<b>\$ 8,466,850</b>	<b>\$ -</b>	<b>\$ 14,604</b>	<b>\$ 133,062</b>	<b>\$ 299</b>	<b>\$ 16,254</b>	<b>\$ (7,629)</b>	<b>\$ 672,587</b>	<b>\$ 54,712</b>	<b>\$ 10,775</b>	<b>\$ 1,511</b>	<b>\$ 108,806</b>	<b>\$ 8,324</b>	<b>\$ 1,127,967</b>	<b>\$ 5,790,815</b>	<b>\$ 113,035</b>	<b>\$ 15,094</b>	<b>\$ (1,014)</b>	<b>\$ 4,471</b>	<b>\$ 403,177</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$11,772,888</b>	<b>\$ (66,633)</b>	<b>\$ 25,090</b>	<b>\$ 461,477</b>	<b>\$ 324</b>	<b>\$ 71,188</b>	<b>\$ 39,156</b>	<b>\$1,078,206</b>	<b>\$ 775,331</b>	<b>\$ 18,987</b>	<b>\$ 4,345</b>	<b>\$ 201,625</b>	<b>\$ 13,826</b>	<b>\$1,405,900</b>	<b>\$ 6,976,408</b>	<b>\$ 157,067</b>	<b>\$ 46,124</b>	<b>\$ 3,328</b>	<b>\$ 9,613</b>	<b>\$ 1,151,526</b>

See accompanying auditors' report.



# REQUIRED SUPPLEMENTARY INFORMATION







# Required Supplementary Information (unaudited)

*(In Thousands)*

## **A** Deferred Maintenance

Deferred maintenance is maintenance that was not performed when it should have been, that was scheduled and not performed, or that was delayed for a future period. Maintenance is the act of keeping property, plant, and equipment (PP&E) in acceptable operating condition and includes preventive maintenance, normal repairs, replacement of parts and structural components, and other activities needed to preserve the asset so that it can deliver acceptable performance and achieve its expected life. Maintenance excludes activities aimed at expanding the capacity of an asset or otherwise upgrading it to serve needs different from or significantly greater than those originally intended. The significant portions of Departmental deferred maintenance relate to the PP&E of both NOAA and NIST (see below for abbreviations). These two entities represent 96 percent of the Department's PP&E balance.

### *National Oceanic and Atmospheric Administration (NOAA)*

NOAA uses the Condition Assessment Survey (CAS) method to identify and quantify deferred maintenance for assets meeting NOAA's \$200 thousand capitalization threshold. CAS requires a periodic inspection of real property to determine its current condition and to estimate the cost likely to be incurred by the corrections of any deficiencies.

The following indicates NOAA's deferred maintenance for projects with estimated costs greater than \$50 thousand, as of September 30, 2003:

PP&E Category	Number of Projects	Amount
<b>Buildings and Structures</b>	<b>27</b>	<b>\$ 9,391</b>
<b>Heritage Assets</b>	<b>5</b>	<b>\$ 13,063</b>
<b>Total</b>	<b>32</b>	<b>\$ 22,454</b>

While the CAS for the above buildings and structures indicates that one or more of the building systems is in less than acceptable operating condition, NOAA has not established a facility condition code to classify the condition of individual facilities. The total deferred maintenance costs for buildings and structures could therefore vary by as much as 10 percent, or from \$8 million to \$10 million. The CAS for heritage assets is based on a five-point scale, with 1 representing excellent condition; 2 - good condition; 3 - fair condition; 4 - poor condition; and 5 - very poor condition. The amount reported for heritage assets represents non-critical maintenance to bring them to fair condition. There is an annual call each year to the NOAA components, requesting their submissions of new projects and updates to existing projects to reflect changes in requirements or costs.

### National Institute of Standards and Technology (NIST)

NIST also uses the CAS method to estimate deferred maintenance. NIST values the condition of assets using a five-point scale, with 1 representing excellent condition; 2—good condition; 3—acceptable condition; 4—poor condition; and 5—very poor condition. Assets that are assessed at 4 or 5 require repairs and maintenance to increase their value to 3, or acceptable condition. The following shows NIST's deferred maintenance as of September 30, 2003:

PP&E Category	Asset Condition	Estimated Cost to Return to Acceptable Condition
Mechanical and Electrical Devices	4	\$419,000 to 629,000
Buildings (Internal Structures)	4	155,000 to 232,000
Buildings (External Structures)	4	38,000 to 57,000
Total		\$612,000 to 918,000

## B Segment Information

### Departmental Management/Working Capital Fund (DM/WCF)

DM/WCF's mission is to provide, in the most efficient and economical manner possible, the centralized services required by the operating entities of the Department and other federal entities. DM/WCF operates on a revolving fund basis, whereby current operating expenses charged to the customer finance the cost of goods and services. The overall financial goal of the fund is to remain at break-even position.

**Services:** DM/WCF provides a variety of administrative services to the Department and to other federal entities. These include personnel-related services, financial and budget management, legal services, security, acquisition, telecommunications, and public affairs.

**Major Customers:** The major customers of DM/WCF are NOAA, ITA, and Census, accounting for 27 percent, 18 percent, and 18 percent of earned revenue, respectively.

*Note: Information about assets, liabilities, and net position as of September 30, 2003 can be found in the Consolidating Balance Sheet, which is included as supplementary information.*

DM/WCF Summary of Costs and Related Exchange Revenues by Line of Business For the Year Ended September 30, 2003					
	Personnel-Related Services	Financial Management	Legal Services	Administrative Services	Total
Full Cost of Services Provided	\$18,560	\$18,189	\$28,756	\$54,252	\$119,757
Less: Exchange Revenue	(17,412)	(17,065)	(26,978)	(50,898)	(112,353)
Excess of Costs over Exchange Revenue	\$1,148	\$1,124	\$1,778	\$3,354	\$7,404



### Franchise Fund

The Department's Franchise Fund has three major goals:

- To operate along the lines of a commercial business by becoming self-sustaining and capable of achieving full cost recovery and by becoming competitive, without subsidies, in an open-market environment
- To encourage competition and the operation of market forces in the delivery of administrative services to lower costs and to promote better service
- To create a customer-oriented workforce that is capable of providing quality services and products

**Services:** The Franchise Fund is composed of only one service provider, the Office of Computer Services (OCS). OCS provides information technology services to the Department and to other federal entities, including the Department of Homeland Security, the General Services Administration, and the U.S. Customs Service.

**Major Customers:** The Department of Justice, DM/WCF, BIS, and the Department of Homeland Security are the major customers for the Franchise Fund, accounting for 25 percent, 20 percent, 19 percent, and 17 percent of earned revenue, respectively.

Franchise Fund Summary of Costs and Related Exchange Revenue by Line of Business For the Year Ended September 30, 2003	
	Computer Services
Full Cost of Services Provided	\$ 5,235
Less: Exchange Revenue	(6,056)
Excess of Costs over Exchange Revenue	\$ (821)

*Note: Information about assets, liabilities, and net position as of September 30, 2003 can be found in the Consolidating Balance Sheet, which is included as supplementary information.*

United States Department of Commerce Intragovernmental Assets and Liabilities (unaudited)  
As of September 30, 2003 (In Thousands)

Intragovernmental Assets:

Trading Partner		Fund Balance with Treasury	Accounts Receivable, Net	Advances and Prepayments	Total
Name	Number				
Department of the Treasury	20	\$ 6,502,932	\$ 154	\$ -	\$ 6,503,086
General Services Administration	47	-	188	20,101	20,289
Department of Transportation	69	-	20,083	-	20,083
Department of Labor	16	-	8,180	-	8,180
Environmental Protection Agency	68	-	7,702	-	7,702
Unknown	00	-	7,139	26	7,165
Department of Education	91	-	5,487	-	5,487
Agency for International Development	72	-	5,210	-	5,210
National Aeronautics and Space Administration	80	-	4,847	-	4,847
Office of the Secretary of Defense-Defense Agencies	97	-	4,376	-	4,376
Department of Energy	89	-	4,299	-	4,299
Government Printing Office	04	-	17	3,462	3,479
Department of Interior	14	-	3,448	-	3,448
Department of Agriculture	12	-	2,282	-	2,282
U.S. Army Corps of Engineers	96	-	2,183	-	2,183
Department of State	19	-	1,509	-	1,509
Central Intelligence Agency	56	-	807	-	807
Department of Housing and Urban Development	-	-	559	-	559
Department of Homeland Security	70	-	450	-	450
Treasury General Fund	99	-	415	-	415
National Science Foundation	49	-	362	-	362
Department of Health and Human Services	75	-	248	-	248
Federal Emergency Management Agency	58	-	220	-	220
Department of Justice	15	-	208	-	208
Department of the Navy	17	-	192	-	192
Independent Agencies	95	-	137	-	137
U.S. Postal Service	18	-	1	121	122
Department of the Air Force	57	-	35	-	35
Department of the Army	21	-	26	-	26
Social Security Administration	28	-	25	-	25
Department of Veterans Affairs	36	-	21	-	21
Small Business Administration	73	-	18	-	18
General Accounting Office	05	-	8	-	8
Library of Congress	03	-	2	5	7
National Labor Relations Board	63	-	7	-	7
Other Legislative Branch Agencies	09	-	4	-	4
Tennessee Valley Authority	64	-	4	-	4
Federal Deposit Insurance Corporation	51	-	3	-	3
Export-Import Bank of the United States	83	-	3	-	3
Smithsonian Institution	33	-	1	-	1
Executive Office of the President	11	-	1	-	1
Office of Personnel Management	24	-	(1)	-	(1)
<b>Total</b>		<b>\$ 6,502,932</b>	<b>\$ 80,860</b>	<b>\$ 23,715</b>	<b>\$ 6,607,507</b>

Intragovernmental Liabilities:

Trading Partner		Accounts Payable	Debt to Treasury	Resources Payable to Treasury	Unearned Revenue	Other	Total
Name	Number						
Department of the Treasury	20	\$ 205	\$ 211,700	\$ -	\$ 2,620	\$ 251	\$ 214,776
Office of the Secretary of Defense-Defense Agencies	97	3,356	-	-	89,754	-	93,110
Treasury General Fund	99	1,429	-	75,221	-	7,217	83,867
Department of Labor	16	312	-	-	24,836	37,870	63,018
Department of the Air Force	57	40,050	-	-	5,572	-	45,622
Department of Health and Human Services	75	5,879	-	-	37,451	-	43,330
Department of Justice	15	122	-	-	32,458	-	32,580
Department of Transportation	69	304	-	-	27,043	-	27,347
Department of Homeland Security	70	1	-	-	23,285	-	23,286
General Services Administration	47	19,928	-	-	2,293	-	22,221
National Science Foundation	49	745	-	-	14,167	-	14,912
Department of Education	91	-	-	-	13,172	-	13,172
National Aeronautics and Space Administration	80	7,783	-	-	5,314	-	13,097
Unknown	00	1,198	-	-	11,544	-	12,742
Department of State	19	7,999	-	-	4,636	12	12,647
Office of Personnel Management	24	860	-	-	67	10,646	11,573
Federal Emergency Management Agency	58	-	-	-	11,475	-	11,475
Department of Housing and Urban Development	86	-	-	-	8,945	-	8,945
Environmental Protection Agency	68	232	-	-	8,084	-	8,316
Department of Energy	89	158	-	-	7,125	-	7,283
Department of the Navy	17	728	-	-	4,825	-	5,553
Department of the Army	21	83	-	-	4,461	-	4,544
Department of Agriculture	12	786	-	-	3,433	-	4,219
Government Printing Office	04	3,502	-	-	-	-	3,502
Department of Interior	14	2,403	-	-	1,096	-	3,499
Agency for International Development	72	5	-	-	2,566	-	2,571
Social Security Administration	28	155	-	-	2,249	-	2,404
Department of Veteran Affairs	36	1,008	-	-	657	-	1,665
Central Intelligence Agency	56	54	-	-	1,432	-	1,486
U.S. Army Corps of Engineers	96	264	-	-	501	-	765
Executive Office of the President	11	730	-	-	28	-	758
Small Business Administration	73	-	-	-	546	-	546
Independent Agencies	95	41	-	-	393	-	434
National Archives and Records Administration	88	205	-	-	84	-	289
U.S. Nuclear Regulatory Commission	31	-	-	-	262	-	262
U.S. Postal Service	18	114	-	-	93	-	207
Library of Congress	03	130	-	-	35	-	165
Consumer Product Safety Commission	61	-	-	-	104	-	104
U.S. Equal Employment Opportunity Commission	45	1	-	-	50	-	51
National Foundation on the Arts and the Humanities	59	-	-	-	22	-	22
Tennessee Valley Authority	64	-	-	-	22	-	22
International Trade Commission	34	-	-	-	11	-	11
Federal Communications Commission	27	-	-	-	7	-	7
The Judiciary	10	-	-	-	3	-	3
Smithsonian Institution	33	-	-	-	3	-	3
Federal Trade Commission	29	2	-	-	-	-	2
Architect of the Capitol	01	-	-	-	1	-	1
Overseas Private Investment Corporation	71	-	-	-	1	-	1
Congressional Budget Office	08	-	-	-	(70)	-	(70)
<b>Total</b>		<b>\$ 100,772</b>	<b>\$ 211,700</b>	<b>\$ 75,221</b>	<b>\$ 352,656</b>	<b>\$ 55,996</b>	<b>\$ 796,345</b>

**United States Department of Commerce Intragovernmental Transfers (unaudited)**  
**For the Year Ended September 30, 2003 (In Thousands)**

Trading Partner		Transfers In	Transfers Out
Name	Number		
Appropriations Transfers:			
Agency for International Development	72	\$ 12,300,340	\$ -
Department of Homeland Security	70	-	7,913,457
Total		\$ 12,300,340	\$ 7,913,457
Transfers Without Reimbursement:			
Department of Agriculture	12	\$ 75,223,778	\$ -
Department of the Navy	17	39,159,550	-
Department of Transportation	69	10,290,258	-
Department of Interior	14	4,669,293	-
Environmental Protection Agency	68	2,428,500	-
Department of Homeland Security	70	1,390,199	-
General Services Administration	47	1,081,761	-
Treasury General Fund	99	-	3,817,670
General Services Administration	47	-	102,658
Department of the Air Force	57	-	82,940
Department of Homeland Security	70	-	14,945
Total		\$134,243,339	\$ 4,018,213

**United States Department of Commerce Intragovernmental Earned Revenue  
and Related Costs (unaudited)  
For the Year Ended September 30, 2003 (In Thousands)**

**Intragovernmental Earned Revenues:**

Trading Partner		
Name	Number	Amount
Department of Labor	16	\$ 92,911
Department of Transportation	69	56,660
Office of the Secretary of Defense-Defense Agencies	97	55,389
Department of Justice	15	50,866
Department of Health and Human Services	75	39,689
Environmental Protection Agency	68	33,408
Department of Housing and Urban Development	86	24,600
National Aeronautics and Space Administration	80	23,615
Department of the Army	21	22,328
Department of Agriculture	12	20,849
Department of Energy	89	20,231
Department of Education	91	15,481
Agency for International Development	72	15,335
General Services Administration	47	14,813
Department of State	19	11,969
Department of Interior	14	10,991
Department of the Treasury	20	10,828
U.S. Army Corps of Engineers	96	8,390
National Science Foundation	49	7,723
Federal Emergency Management Agency	58	7,543
Department of the Air Force	57	6,705
Department of the Navy	17	6,473
Department of Homeland Security	70	2,417
Unknown	00	2,040
Small Business Administration	73	1,871
Independent Agencies	95	1,757
Social Security Administration	28	1,586
Department of Veterans Affairs	36	1,310
Central Intelligence Agency	56	1,014
U.S. Postal Service	18	640
U.S. Nuclear Regulatory Commission	31	494
National Archives and Records Administration	88	339
Export-Import Bank of the United States	83	310
Office of Personnel Management	24	292
Federal Deposit Insurance Corporation	51	216
Tennessee Valley Authority	64	145
Government Printing Office	04	117
Executive Office of the President	11	79
Federal Communications Commission	27	76
Congressional Budget Office	08	70
National Labor Relations Board	63	67
Consumer Product Safety Commission	61	67
Smithsonian Institution	33	57
U.S. Equal Employment Opportunity Commission	45	43
Office of Special Counsel	62	34
Federal Maritime Commission	65	26
Library of Congress	03	18
The Judiciary	10	17
General Accounting Office	05	8
Other Legislative Branch Agencies	09	5
Federal Trade Commission	29	4
Architect of the Capitol	01	3
Appalachian Regional Commission	46	2
Armed Forces Retirement Home	84	1
<b>Total</b>		<b>\$ 571,922</b>

**Gross Costs that Generated Intragovernmental Earned Revenue:**

Budget Functional Classification	Amount
306 Natural Resources and Environment	\$ 142,634
376 Commerce and Housing Credit	418,399
452 Community and Regional Development	11,086
<b>Total</b>	<b>\$ 572,119</b>

United States Department of Commerce Schedule of Budgetary Resources by Major Budget Account (unaudited)  
For the Year Ended September 30, 2003 (In Thousands)

	Combining Totals	NOAA Operations, Research, and Facilities	USPTO Salaries and Expenses	NOAA Procurement, Acquisition, and Construction	NIST Industrial Technology Services	ITA Operations and Administration	Census Periodic Censuses and Programs	EDA Grant Fund	Other Programs
<b>BUDGETARY RESOURCES:</b>									
<b>Budget Authority:</b>									
Appropriations Received	\$ 5,964,718	\$ 2,430,510	\$ 166,771	\$ 824,030	\$ 286,623	\$ 412,192	\$ 371,482	\$ 290,000	\$ 1,183,110
Borrowing Authority	155,977	-	-	-	-	-	-	-	155,977
Net Transfers	81,791	65,000	-	-	(5,600)	8,285	-	-	14,106
<b>Unobligated Balance:</b>									
Beginning of Period	1,136,416	182,956	5,655	238,850	40,689	25,696	85,479	37,618	519,473
Adjustments to Unobligated Balance, Beginning of Period	535	20	-	-	-	623	(1)	-	(107)
Net Transfers, Actual	191	-	-	-	-	-	-	(1,200)	1,391
<b>Spending Authority From Offsetting Collections:</b>									
Earned									
Collected	2,803,543	178,867	1,160,167	16	2,983	13,184	(610)	10,300	1,438,636
Receivable From Federal Sources	7,626	20,787	(160)	-	-	(161)	-	-	(12,840)
Changes in Unfilled Customer Orders									
Advance Received	130,441	1,827	34,652	-	-	-	-	5,581	88,381
Without Advance From Federal Sources	(17,700)	647	-	-	-	(187)	-	-	(18,160)
<b>Total Spending Authority From Offsetting Collections</b>	<b>2,923,910</b>	<b>202,128</b>	<b>1,194,659</b>	<b>16</b>	<b>2,983</b>	<b>12,836</b>	<b>(610)</b>	<b>15,881</b>	<b>1,496,017</b>
Recoveries of Prior Year Obligations	142,820	16,695	5,910	1,431	10,425	14,705	7,169	34,741	51,744
Temporarily Not Available Pursuant to Public Law	(178,514)	-	(178,514)	-	-	-	-	-	-
Permanently Not Available									
Cancellation of Expired and No Year Accounts	(24,182)	-	-	-	-	(623)	-	(20,062)	(3,497)
Enacted Rescissions	(7,858)	-	-	-	-	-	-	-	(7,858)
Capital Transfers and Redemption of Debt	(82,112)	-	-	-	-	-	-	-	(82,112)
Other Authority Withdrawn	(668)	-	-	-	-	-	-	-	(668)
Pursuant to Public Law	(36,350)	(15,460)	-	(4,934)	(1,863)	(2,679)	(2,415)	(1,885)	(7,114)
<b>TOTAL BUDGETARY RESOURCES</b>	<b>\$ 10,076,674</b>	<b>\$ 2,881,849</b>	<b>\$ 1,194,481</b>	<b>\$ 1,059,393</b>	<b>\$ 333,257</b>	<b>\$ 471,035</b>	<b>\$ 461,104</b>	<b>\$ 355,093</b>	<b>\$ 3,320,462</b>
<b>STATUS OF BUDGETARY RESOURCES:</b>									
<b>Obligations Incurred</b>									
Direct	\$ 6,475,324	\$ 2,553,478	\$ -	\$ 873,027	\$ 310,478	\$ 384,207	\$ 411,458	\$ 310,479	\$ 1,632,197
Reimbursable	2,538,823	194,593	1,190,941	-	-	12,836	-	15,146	1,125,307
<b>Total Obligations Incurred</b>	<b>9,014,147</b>	<b>2,748,071</b>	<b>1,190,941</b>	<b>873,027</b>	<b>310,478</b>	<b>397,043</b>	<b>411,458</b>	<b>325,625</b>	<b>2,757,504</b>
<b>Unobligated Balance</b>									
Apportioned	736,406	133,753	2,064	186,355	18,975	69,831	49,009	14,955	261,464
Exempt from Apportionment	112,313	-	-	-	-	-	-	-	112,313
<b>Unobligated Balance Not Available</b>	<b>213,808</b>	<b>25</b>	<b>1,476</b>	<b>11</b>	<b>3,804</b>	<b>4,161</b>	<b>637</b>	<b>14,513</b>	<b>189,181</b>
<b>TOTAL STATUS OF BUDGETARY RESOURCES</b>	<b>\$ 10,076,674</b>	<b>\$ 2,881,849</b>	<b>\$ 1,194,481</b>	<b>\$ 1,059,393</b>	<b>\$ 333,257</b>	<b>\$ 471,035</b>	<b>\$ 461,104</b>	<b>\$ 355,093</b>	<b>\$ 3,320,462</b>
<b>RELATIONSHIP OF OBLIGATIONS TO OUTLAYS:</b>									
Obligated Balance, Net, Beginning of Period (Unpaid)	\$ 4,668,127	\$ 1,145,840	\$ 288,341	\$ 424,910	\$ 388,093	\$ 102,014	\$ 163,846	\$ 1,056,516	\$ 1,098,567
Adjustments to Obligated Balance, Beginning of Period (Unpaid)	172	-	-	-	-	-	-	-	172
<b>Obligated Balance, Net, End of Period, As Adjusted (Unpaid)</b>	<b>\$ 4,668,299</b>	<b>\$ 1,145,840</b>	<b>\$ 288,341</b>	<b>\$ 424,910</b>	<b>\$ 388,093</b>	<b>\$ 102,014</b>	<b>\$ 163,846</b>	<b>\$ 1,056,516</b>	<b>\$ 1,098,739</b>
<b>Obligated Balance Transferred, Net (Unpaid)</b>	<b>\$ (1,604)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (1,604)</b>
Obligated Balance, Net, End of Period (Unpaid):									
Accounts Receivable	\$ (216,115)	\$ (89,651)	\$ 708	\$ -	\$ -	\$ (1,786)	\$ -	\$ -	\$ (125,386)
Unfilled Customer Orders From Federal Sources (Unpaid)	(113,852)	(53,570)	-	-	-	(447)	-	-	(59,835)
Undelivered Orders (Unpaid)	4,414,304	1,346,827	230,079	511,899	309,105	58,673	94,650	691,295	1,171,776
Accounts Payable	958,791	138,181	97,002	70,894	69,709	54,739	22,852	266,264	239,150
<b>Total Obligated Balance, Net, End of Period (Unpaid)</b>	<b>\$ 5,043,128</b>	<b>\$ 1,341,787</b>	<b>\$ 327,789</b>	<b>\$ 582,793</b>	<b>\$ 378,814</b>	<b>\$ 111,179</b>	<b>\$ 117,502</b>	<b>\$ 957,559</b>	<b>\$ 1,225,705</b>
<b>Outlays:</b>									
Disbursements	\$ 8,504,969	\$ 2,513,995	\$ 1,145,741	\$ 713,713	\$ 309,332	\$ 373,520	\$ 450,633	\$ 389,841	\$ 2,608,194
Collections	(2,933,987)	(180,694)	(1,194,818)	(16)	(2,983)	(13,184)	610	(15,881)	(1,527,021)
<b>Total Outlays</b>	<b>\$ 5,570,982</b>	<b>\$ 2,333,301</b>	<b>\$ (49,077)</b>	<b>\$ 713,697</b>	<b>\$ 306,349</b>	<b>\$ 360,336</b>	<b>\$ 451,243</b>	<b>\$ 373,960</b>	<b>\$ 1,081,173</b>
Less: Offsetting Receipts	(11,690)	-	-	-	-	-	-	-	(11,690)
<b>NET OUTLAYS</b>	<b>\$ 5,559,299</b>	<b>\$ 2,333,301</b>	<b>\$ (49,077)</b>	<b>\$ 713,697</b>	<b>\$ 306,349</b>	<b>\$ 360,336</b>	<b>\$ 451,243</b>	<b>\$ 373,960</b>	<b>\$ 1,069,483</b>

# REQUIRED SUPPLEMENTARY STEWARDSHIP INFORMATION









# Required Supplementary Stewardship Information (unaudited)

**T**his section provides information on certain resources entrusted to the Department and certain stewardship responsibilities assumed by the Department. These resources and responsibilities are not required to be included in the assets and liabilities reported in the Department's financial statements; they are, however, important to understanding the operations and financial condition of the Department. This section also includes major investments made for the benefit of the U.S.

## **A Stewardship Property, Plant, and Equipment (Stewardship PP&E)**

Stewardship PP&E is an asset, the physical properties of which resemble those of the General PP&E that is traditionally capitalized in the financial statements of federal entities. Due to the nature of these assets, however, valuation would be difficult and matching costs with specific periods would not be meaningful.

### *Heritage Assets*

Heritage assets are unique for their historical or natural significance; for their cultural, educational, or artistic importance; or for their significant architectural characteristics. The Department generally expects that these assets will be preserved indefinitely.

In cases where an asset has a heritage function and also a practical and predominant use for general government operations, the asset is considered a multi-use heritage asset. The costs of multi-use heritage assets are capitalized as General PP&E and are depreciated over the useful life of the asset.

**National Oceanic and Atmospheric Administration (NOAA)**

**Collection-Type Assets:** NOAA's collection-type heritage assets are comprised primarily of books, publications, manuscripts, records, and nautical chart plates. NOAA uses the Condition Assessment Survey (CAS) to describe the condition of its heritage assets. The CAS is based on a five-point scale with 1 representing excellent condition; 2 - good condition; 3 - fair condition; 4 - poor condition; and 5 - very poor condition. Assets with the condition assessment level between 1 through 3 are defined as being suitable for public display. The books, publications, and manuscripts which make up the majority of the assets are in 4 - poor condition and 5 - very poor condition.

<b>COLLECTION-TYPE HERITAGE ASSETS</b>					
<b>Reporting Entity</b>	<b>Description of Assets</b>	<b>Quantity of Items Held September 30, 2002</b>	<b>FY 2003 Additions</b>	<b>FY 2003 Withdrawals</b>	<b>Quantity of Items Held September 30, 2003</b>
National Weather Service (NWS)	Historic films, books and records	756	45		801
National Environmental Satellite, Data and Information Service (NESDIS) Library	Books, publications and manuscripts	172,321	13,712		186,033
Oceanic and Atmospheric Research (OAR)	Records, instruments and ship models	13			13
National Ocean Service (NOS)	Recovered artifacts from the Florida Keys National Marine Sanctuary	126	14	21	119
NOS	Navigation and surveying artifacts, art objects, documents and models	680	11		691
NOS National Geodetic Survey	Historic artifacts and instruments	155	43		198
NOS Office of Coast Survey	Primarily lithographic nautical chart plates	497	16		513
USS Monitor National Marine Sanctuary	Artifacts recovered from the wreckage of the USS Monitor	260	420	153	527
Office of Marine and Aviation Operations	Art objects, ship models, and historic artifacts and instruments	34	11		45
Office of Federal Coordinator for Meteorology	Copperplate and print	2			2
Office of the Secretary	Primarily lithographic nautical chart plates	5			5
<b>Total</b>		<b>174,849</b>	<b>14,272</b>	<b>174</b>	<b>188,947</b>

**Galveston Laboratory:** Galveston Laboratory is comprised of seven buildings that were originally part of Fort Crockett, an Army coastal defense facility built shortly after 1900. These buildings are eligible for placement on the National Register. Due to their historic significance, exterior architectural features, and predominant use in government operations, the Galveston Laboratory is considered a multi-use heritage asset. This facility is undergoing a renovation in three phases. Phase II is complete, and Phase III is anticipated to begin in FY 2004, after funding is authorized, and continue into FY 2005. As of September 30, 2003, the renovations are 60 percent complete.

**National Marine Fisheries Service (NMFS) Aquarium:** In Woods Hole, Massachusetts, this aquarium is jointly used to educate the public, raise public awareness of NMFS activities, and accommodate in-house research for the Northeast Fisheries Science Center, part of NOAA's mission. The aquarium houses 16 separate exhibition tanks holding more than 30 species of fish. The tanks range in size from 75 to 2,800 gallons. The general condition of the aquarium is good. The NMFS Aquarium is considered a multi-use heritage assets because of its predominant use for scientific research.

### *Stewardship Marine Sanctuaries and Coral Reef Reserve*

**National Marine Sanctuaries:** In 1972, Congress passed the Marine Protection, Research, and Sanctuaries Act in response to a growing awareness of the intrinsic environmental and cultural value of our coastal waters. The Act authorized the Secretary of Commerce to designate discrete areas as National Marine Sanctuaries. These protected waters provide a secure habitat for species close to extinction, and also protect historically significant shipwrecks and prehistoric artifacts. The sanctuaries are also used for recreational diving and sport fishing, and support valuable commercial industries such as fishing and kelp harvesting. As of September 30, 2003, 13 National Marine Sanctuaries, which include near shore coral reefs and open ocean, have been designated, covering a total area of 18,851 square miles. The waters and resources of the National Marine Sanctuaries are generally in good condition, though some specific resources (e.g. certain coral reefs, some commercial and recreational fisheries) are threatened. Each individual site conducts research and monitoring activities to characterize existing resources and document changes.

**Northwestern Hawaiian Islands (NWHI) Coral Reef Ecosystem Reserve:** Approximately 70 percent of all coral reefs located in U.S. waters surround the NWHI. The NWHI Coral Reef Ecosystem Reserve is the Nation's largest marine protected area, and was established by Executive Orders in December 2000 and January 2001 in accordance with the National Marine Sanctuaries Amendments Act of 2000. NOAA is presently developing an operations plan for the Reserve, which covers 131,800 square miles, and is also undergoing the process to designate the Reserve as a National Marine Sanctuary.

## **B Stewardship Investments**

Stewardship investments are substantial investments made by the U.S. Government for the benefit of the U.S., but are not physical assets owned by the U.S. Government. Though treated as expenses when incurred to determine the Department's Net Cost of Operations, these items merit special treatment so that users of federal financial reports know the extent of investments that are made for long-term benefit of the U.S.

### *Investments in Non-federal Physical Property*

Non-federal Physical Property investments are expenses included in the Department's Net Cost of Operations for the purchase, construction, or major renovation of physical property owned by state and local governments. Based on a review of the Department's programs, NOAA and EDA have significant investments in non-federal Physical Property.

## NOAA

**National Estuarine Research Reserves:** The National Estuarine Research Reserves System consists of 25 estuarine reserves protected by federal, state, and local partnerships. Estuarine reserves are the areas where freshwater from rivers meet the ocean. These areas are known as bays, swamps, sloughs, and sounds. More than 75 percent of seafood eaten depends on estuaries at some point in their life cycle. Estuaries filter much of the polluted runoff from rivers and streams that would otherwise contaminate oceans. The program was created with the passage of the Coastal Zone Management Act of 1972, and, as of September 30, 2003, encompassed approximately 1,141,000 acres of estuarine waters, wetlands, and uplands. Most of the reserves are state-operated and managed in cooperation with NOAA. Investments in the national estuarine research reserves for FY 1999, FY 2000, FY 2001, FY 2002, and FY 2003 totaled \$6.7 million, \$11.5 million, \$31.6 million, \$27.5 million, and \$24 million, respectively. The investments fund the acquisitions of lands, as well as the development or construction of facilities, auxiliary structures, and public access routes for reserve sites.

**Coastal Zone Management Fund:** The Coastal Zone Management Fund is responsible for the incidental expenses of land acquisition and low-cost construction on behalf of state and local governments for the preservation or restoration of coastal resources and habitats; the redevelopment of deteriorating and urbanized waterfronts and ports, and the provision of public access to beaches and coastal areas. Investments for FY 1999, FY 2000, FY 2001, and FY 2002 totaled \$2.9 million, \$2.8 million, \$5.3 million, and \$5.9 million, respectively. There were no new investments for FY 2003.

**Coastal and Estuarine Land Conservation Program:** The Coastal and Estuarine Land Conservation Program was established under the Commerce, Justice, and State Appropriations Act of 2002, for the purpose of protecting important coastal and estuarine areas that have significant conservation, recreation, ecological, historical, or aesthetic values, or that are threatened by conversion from their natural or recreational state to other uses. Matching grants were directed to projects in coastal and estuarine areas, to be awarded to state, local, and private non-profit entities for land acquisitions for this program. Investments for FY 2002 and FY 2003 totaled \$14 million and \$3.6 million, respectively.

## EDA

EDA provides grant funding to state and local governments for the construction and development of economic infrastructure and property that will create and retain jobs in economically distressed areas of the U.S. The funding is in the form of grants to state and local governments. No transfers of federal properties take place under these programs. These grants are for the development of roads and infrastructure needed for new industrial parks, clean water and environmental projects, and the conversion of military facilities, closed by Congressional action, to civilian-based economic activity. EDA also awards grants for the repair of infrastructure and economic development related facilities damaged by floods and other disasters.

The investments in non-federal physical property for FY 1999 through FY 2003 were as follows:

(In Millions)

Program	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	Total
Public Works	\$180.9	\$173.5	\$174.9	\$182.5	\$232.8	\$ 944.6
Economic and Defense Adjustments	139.8	112.9	131.6	109.0	88.7	582.0
Disasters Recovery	47.4	57.6	28.7	36.7	22.5	192.9
Total	\$368.1	\$344.0	\$335.2	\$328.2	\$344.0	\$1,719.5

The above investments require matching funds by state and local governments of 20 to 50 percent.

### Investments in Human Capital

Human capital investments are expenses, included in the Department's Net Cost of Operations, for education and training programs that are intended to increase or maintain national economic productive capacity and produce outputs and outcomes that provide evidence of the constant or increasing national productive capacity. These investments exclude education and training expenses for federal civilian and military personnel. Based on a review of the Department's programs, the most significant dollar investments in human capital are by NOAA and EDA.

#### NOAA

**National Sea Grant Program:** This program is a partnership between the U.S.'s colleges and NOAA, and comprises 30 Sea Grant Colleges. The partnership was initiated in 1966 when Congress passed the National Sea Grant College Program Act, with the objective of making the U.S. the world leader in marine research and in the sustainable development of marine resources. The program funds research programs, and transfers new knowledge to coastal businesses, marine industries, the public, and governments. Research projects are funded on the basis of rigorous, highly-competitive peer reviews. To date, the program has supported the work of approximately 13,700 graduate research assistants while they work(ed) on marine and Great Lakes science.

**National Estuarine Research Reserve Program:** This program supports activities designed to increase public awareness of estuary issues, provide information to improve management decisions in estuarine areas, and train graduate students in estuarine science.

**National Research Council Research Associateship Program:** The National Research Council, through its Associateship Programs office, awards outstanding scientists and engineers, at recent post-doctoral and experienced senior levels, with tenure as guest researchers at participating laboratories. The participants interact with NOAA scientists and learn new approaches, methods, and ideas, thereby increasing their capacities as scientific researchers. The participants provide the results of their research in scientific journals and through other means.

The following summarizes NOAA's investments in human capital for FY 1999 through FY 2003:

*(In Millions)*

Program	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	Total
National Sea Grant Program	\$14.6	\$14.5	\$19.5	\$20.5	\$21.1	\$90.2
National Estuarine Research Reserve Program	0.7	0.7	0.8	0.8	0.1	3.1
National Research Council Research Associateship Program	1.8	1.7	3.0	0.4	1.5	8.4
Total	\$17.1	\$16.9	\$23.3	\$21.7	\$ 22.7	\$101.7

*Note: In addition to the human capital investments indicated above, the National Sea Grant Program received, on a pass-through basis from other Federal agencies, \$0.8 million, \$1.5 million, \$1.6 million, \$2.0 million, and \$1.1 million for FY 1999, FY 2000, FY 2001, FY 2002, and FY 2003, respectively. Additionally, Sea Grant universities contributed matching funds to the National Sea Grant Program in the amounts of \$8.5 million, \$8.5 million, \$11.1 million, \$11.5 million, and \$11.0 million in FY 1999, FY 2000, FY 2001, FY 2002, and FY 2003, respectively.*

## EDA

EDA provides grant awards for training and technical assistance for economic development. The following summarizes EDA's investments in human capital for FY 1999 through FY 2003:

*(In Millions)*

Program	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	Total
Local Technical Assistance	\$9.1	\$11.0	\$9.6	\$9.3	\$10.1	\$49.1
Research Assistance and National Technical Assistance	0.5	0.6	0.4	0.5	0.6	2.6
Total	\$9.6	\$11.6	\$10.0	\$9.8	\$10.7	\$51.7

## Investments in Research and Development (R&D)

R&D Investments are expenses, included in the Department's Net Cost of Operations, that support the search for new or refined knowledge and ideas, and facilitate the application or use of such knowledge and ideas for the development of new or improved products and processes. The investments are made with the expectation of maintaining or increasing national economic productive capacity, or yielding other future economic and societal benefits. Based on a review of the Department's programs, the only significant investments in R&D are by NIST and NOAA.

## National Institute of Standards and Technology (NIST)

**NIST Laboratories Program:** The NIST Laboratories have been the stewards of the U.S.'s measurement infrastructure since their inception in 1901 as the National Bureau of Standards. In fulfilling the Constitutional responsibility to fix the standards of weights and measures, these laboratories provide measurement methods, reference materials, test procedures, instrument calibrations, fundamental data, and standards that comprise essential tools for research, production, and buyer-seller transactions. The laboratories focus their work in three main areas: 1) research and develop the measurements and standards needed to support emerging science and technology-intensive industries; 2) develop and efficiently disseminate the measurements and standards needed to support the Nation's strategic interests in homeland security; and 3) assure the availability and efficient transfer of measurement and standards capabilities essential to established industries.

**Advanced Technology Program (ATP):** ATP is a collaborative effort with industry to identify and promote investment in technologies with significant potential for broad-based economic benefits but inadequate levels of private investment. Cost-shared research is funded through an annual competitive awards process. Awards are made only after rigorous examination of the technical and business merits of each proposal and of the potential benefits to the U.S. economy and quality of life. In FY 2003, the program selected 67 new industrial research projects to receive cost-shared support totaling \$257 million in Federal and industry funds (if carried to completion). The awards target a broad array of technologies, including pharmaceutical design, tissue engineering, industrial catalysts, energy generation and storage, manufacturing technologies, electronics manufacturing, computer software, and electro-optics. Fifty-five of the awards were made to small businesses, and at least 45 universities are involved as joint venture partners or subcontractors.

The following tables summarize NIST's R&D investments for FY 1999 through FY 2003, and related outcomes and outputs information.

*(In Millions)*

	Measurement and Standards Laboratories					Advanced Technology Program					Totals				
	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003
Basic Research	\$ 49.5	\$ 48.6	\$ 62.5	\$ 63.5	\$ 74.2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 49.5	\$ 48.6	\$ 62.5	\$ 63.5	\$ 74.2
Applied Research	238.1	239.0	255.6	288.8	307.9	92.8	91.8	85.0	76.6	86.8	330.9	330.8	340.6	365.4	394.7
Development	19.7	20.0	20.8	19.1	19.4	92.8	91.8	85.0	76.6	86.9	112.5	111.8	105.8	95.7	106.3
Total	\$307.3	\$307.6	\$338.9	\$371.4	\$401.5	\$185.6	\$183.6	\$170.0	\$153.2	\$173.7	\$492.9	\$491.2	\$508.9	\$524.6	\$575.2

<b>Outcomes and Outputs Information</b>			
	<b>Measurement &amp; Standards Laboratories</b>	<b>Advanced Technology Program</b>	<b>Manufacturing Extension Partnership (MEP)</b>
<b>Program outcomes and/or quality metrics</b> <sup>1,3</sup>	FY 2003 National Research Council peer review report:  <a href="http://books.nap.edu/catalog/10820.html">http://books.nap.edu/catalog/10820.html</a>		<ul style="list-style-type: none"> <li>● Increased sales in FY 2002: \$891 million</li> <li>● Capital investment in FY 2002: \$876 million</li> <li>● Cost savings in FY 2002: \$645 million</li> </ul>
<b>Program outputs (partial list)</b> <sup>1,2</sup>	<ul style="list-style-type: none"> <li>● Standard Reference Materials available in FY 2003: 1,214</li> <li>● Standard Reference Data titles available in 2003: 106</li> <li>● Number of items calibrated in FY 2003: 3,194</li> <li>● Technical publications produced in FY 2003: 1,918</li> </ul>	<ul style="list-style-type: none"> <li>● Cumulative number of technologies under commercialization in FY 2002: 244</li> <li>● Cumulative number of publications in FY 2002: 969</li> <li>● Cumulative number of patents filed in FY 2002: 939</li> </ul>	
<p><sup>1</sup> Outcome and output measures represent partial indicators of program performance. Outcome and output data compiled in any given fiscal year may include the effects of program funding from one or more prior years, and also may include the effects of a combination of basic, applied, and/or development R&amp;D. Long project timeframes, long impact trajectories, intangible outputs, diverse impacts, and other factors prevent direct comparisons of total program costs and total outputs/outcomes in any given fiscal year.</p> <p><sup>2</sup> Due to impact timeframes and survey procedures, ATP data lags by six months to one year. FY 2003 ATP data will be available in May 2004.</p> <p><sup>3</sup> Due to survey procedures, MEP performance data lag by one year. FY 2003 data will be available in December 2004. The FY 2002 data reported here represents a combination of three quarters of actual client reported impacts and one quarter of estimated client impacts. The estimate is based on the final quarter of FY 2001 survey data and has been adjusted to reflect the number of clients anticipated in the final FY 2002 survey quarter. Final FY 2002 data will be available in December 2003.</p>			

## NOAA

NOAA conducts a substantial program of environmental research and development in support of its mission, much of which is performed to improve the U.S.'s understanding of and ability to predict environmental phenomena. The scope of research includes:

- Improving predictions and warnings associated with the weather, on time scales ranging from minutes to weeks
- Improving predictions of climate, on time scales ranging from months to centuries
- Improving understanding of natural relationships to better predict and manage renewable marine resources and coastal and ocean ecosystems

NOAA also conducts research that is intended to provide a solid scientific basis for environmental policymaking in government. Examples of this research include determining the stratospheric ozone-depleting potential of proposed substitutes for chlorofluorocarbons (CFCs), and identifying the causes of the episodic high rural ozone levels that significantly damage crops and forests.

NOAA conducts most R&D in-house; however, contractors to NOAA undertake most systems R&D. External R&D work supported by NOAA includes that undertaken through the National Sea Grant Program, the Cooperative Institutes of the Environmental Research Laboratories, the Climate and Global Change Program, and the Coastal Ocean Program.



The following describes the major research and development programs of NOAA:

**Environmental and Climate:** The Office of Ocean and Atmospheric Research (OAR) is NOAA's primary research and development office. NOAA's research laboratories, Office of Global Programs, and research partners conduct a wide range of research into complex climate systems. NOAA Research organizations conduct basic and applied research on the upper and lower atmosphere as well as the space environment. NOAA Research, in cooperation with its research partners, explores and investigates ocean habitats and resources.

**Fisheries:** NOAA's National Marine Fisheries Service (NMFS) is responsible for the collection and analysis of information on the status of fishery resources and protected species, and for conducting programs that develop fisheries for economic growth. The Magnuson-Stevens Fishery Conservation and Management Act (The Act) mandates strong action to conserve and manage fishery resources that contribute to the food supply, economy, and health of the Nation. The Act's provisions require NMFS to end over-fishing, rebuild all over-fished stocks, and conserve essential fish habitat through research and consultations on Federal and state actions that may adversely affect habitats. NMFS's four major research priorities include research to support fishery conservation and management, conservation engineering research, research on the fisheries, and information management research.

**Fleet Maintenance and Aircraft Services:** NOAA Marine and Aviation Operations (NMAO) manage a wide variety of specialized aircraft and ships to complete NOAA's environmental and scientific missions. The aircraft collect the environmental and geographic data essential to NOAA hurricane and other weather and atmospheric research, conduct aerial surveys for hydrologic research to help predict flooding potential from snowmelt, and provide support to NOAA's fishery research and marine mammal assessment programs. NOAA's ship fleet provides oceanographic and atmospheric research and fisheries research vessels to support NOAA's strategic plan elements and mission.

**Weather Service:** The National Weather Service (NWS) conducts applied research and development, building upon the more basic research conducted by NOAA laboratories and the academic community. Applied meteorological and hydrological research is integral to providing more timely and accurate weather, water, and climate services to the public.

**Other Programs:** As a national lead for coastal stewardship, National Ocean Service (NOS) promotes a wide range of research activities to create the strong science foundation required to advance the sustainable use of our precious coastal systems. Our understanding of the coastal environment is enhanced through coastal ocean activities that support science and resource management programs. National Environmental Satellite Data and Information Service (NESDIS), through its Office of Research and Applications (ORA) conducts atmospheric, climatological, and oceanic research into the use of satellite data for monitoring environmental characteristics and their change. It also provides guidance for the development and evolution of spacecraft and sensors to meet future needs.

The following table summarizes NOAA's R&D investments by program for FY 1999 through FY 2003:

*(In Millions)*

Program	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	Total
Environmental and Climate	\$253.5	\$257.4	\$266.2	\$289.9	\$327.0	\$ 1,394.0
Fisheries	223.0	241.3	125.8	121.7	149.1	860.9
Fleet Maintenance and Aircraft Services	14.4	14.7	18.0	19.3	101.8	168.2
Weather Service	6.3	7.7	11.1	11.0	15.7	51.8
Other	53.6	65.9	112.9	132.4	83.3	448.1
Total	\$550.8	\$587.0	\$534.0	\$574.3	\$676.9	\$ 2,923.0

The following table summarizes NOAA's investment in research and development segregated by the components of basic research, applied research, and development costs for FY 1999 through FY 2003:

*(In Millions)*

Research and Development	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	TOTAL
Basic Research	\$ 5.1	\$ 4.3	\$ 3.3	\$ 8.9	\$ 12.2	\$ 33.8
Applied Research	523.5	559.4	507.7	537.1	641.5	2,769.2
Development	22.2	23.3	23.0	28.3	23.2	120.0
Total Research and Development	\$ 550.8	\$ 587.0	\$ 534.0	\$ 574.3	\$ 676.9	\$ 2923.0

The following table further summarizes NOAA's FY 2003<sup>1</sup> R & D investments by program allocated between basic research, applied research, and development costs:

*(In Millions)*

	Environmental and Climate	Fisheries	Fleet Maintenance and Aircraft Service	Weather Service	Other	Total
Basic Research	\$ 12.2	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 12.2
Applied Research	306.0	148.3	101.8	5.5	79.9	641.5
Development	8.8	0.8	0.0	10.2	3.4	23.2
Total	\$ 327.0	\$ 149.1	\$ 101.8	\$ 15.7	\$ 83.3	\$ 676.9

<sup>1</sup> The data for prior fiscal years is unavailable.

# AUDITORS' REPORT









# GLOSSARY OF ACRONYMS









ABBREVIATION	TITLE
<b>A</b>	
<b>APP</b>	Annual Performance Plan
<b>ASAP</b>	Automated Standard Application for Payment
<b>ATP</b>	Advanced Technology Program
<b>AWIPS</b>	Advanced Weather Interactive Processing System
<b>B</b>	
<b>BEA</b>	Bureau of Economic Analysis
<b>BEC</b>	Bose-Einstein Condensate
<b>BFC</b>	Budget Functional Classification
<b>BIS</b>	Bureau of Industry and Security
<b>BLS</b>	Bureau of Labor and Statistics
<b>BRS</b>	Business Reporting System
<b>C</b>	
<b>CAMS</b>	Commerce Administrative Management System
<b>CAS</b>	Condition Assessment Survey
<b>CEAR</b>	Certificate of Excellence in Accountability Reporting
<b>CEIP</b>	Coastal Energy Impact Program
<b>Census</b>	Bureau of the Census
<b>CFO</b>	Chief Financial Officer
<b>CFS</b>	Core Financial System
<b>CIAO</b>	Critical Infrastructure Assurance Office
<b>CIRT</b>	Computer Incident Response Team
<b>CIO</b>	Chief Information Officer
<b>CMS</b>	Client Management System
<b>COMMITTS</b>	Commerce Information Technology Solutions
<b>CSRS</b>	Civil Service Retirement System
<b>CPC</b>	Climate Prediction Center
<b>CPI</b>	Consumer Price Index
<b>CWPPRA</b>	Coastal Wellness Planning Protection and Restoration Act
<b>D</b>	
<b>DM</b>	Departmental Management
<b>DNS</b>	Domain Name System
<b>DPA</b>	Defense Production Act
<b>DPAS</b>	Defense Priorities and Allocations System

<b>E</b>	<b>EAA</b>	Export Administration Act
	<b>EAR</b>	Export Administration Regulations
	<b>ECASS</b>	Export Control Automated Support System
	<b>EDA</b>	Economic Development Administration
	<b>EFS</b>	Electronic Filing System
	<b>EFT</b>	Electronic Funds Transfer
	<b>ELGP</b>	Emergency Oil and Gas and Steel Loan Guarantee Programs (part of Departmental Management)
	<b>ESA</b>	Economics and Statistics Administration
<b>F</b>	<b>FACTS</b>	Federal Agencies' Centralized Trial Balance System
	<b>FAIR</b>	Federal Activities Inventory Reform
	<b>FASAB</b>	Federal Accounting Standards Advisory Board
	<b>FCC</b>	Federal Communications Commission
	<b>FCRA</b>	Federal Credit Reform Act
	<b>FECA</b>	Federal Employees Compensation Act
	<b>FEGLI</b>	Federal Employees Group Life Insurance Program
	<b>FEHB</b>	Federal Employees Health Benefit Program
	<b>FERS</b>	Federal Employees Retirement System
	<b>FF</b>	Franchise Fund (part of Departmental Management)
	<b>FICA</b>	Federal Insurance Contributions Act
	<b>FFMIA</b>	Federal Financial Management Improvement Act of 1996
	<b>FMFIA</b>	Federal Managers' Financial Integrity Act of 1982
	<b>FVOG</b>	Fishing Vessel Obligation Guarantee Program
	<b>FWC</b>	Future Workers Compensation
	<b>FY</b>	Fiscal Year
<b>G</b>	<b>G&amp;B</b>	Gifts and Bequests (a Fund that is part of Departmental Management)
	<b>GAO</b>	General Accounting Office
	<b>GAAP</b>	Generally Accepted Accounting Principles
	<b>GDP</b>	Gross Domestic Product
	<b>GISRA</b>	Government Information Security Reform Act
	<b>GPS</b>	Global Positioning System
	<b>GMF</b>	Government Master File
	<b>GOES</b>	Geostationary Operational Environmental Satellite

**GPRA** Government Performance and Results Act of 1993  
**GSA** General Services Administration

**I** **ICP** Internal Control Program  
**IFQ** Individual Fishing Quota Loans  
**IP** Internet Protocol  
**IT** Information Technology  
**ITA** International Trade Administration  
**ITS** Institute for Telecommunications Sciences

**M** **MAP** Measurement Assurance Program  
**MBDA** Minority Business Development Agency  
**MEP** Manufacturing Extension Partnership  
**MFI** Market Facts Incorporated  
**MSA** Metropolitan Statistical Area

**N** **NAF** National Academy Foundation  
**NAFTA** North American Free Trade Agreement  
**NCDC** National Climate Data Center  
**NHC** National Hurricane Center  
**NIST** National Institute of Standards and Technology  
**NMFS** National Marine Fisheries Service  
**NOAA** National Oceanic and Atmospheric Administration  
**NODC** National Oceanographic Data Center  
**NTIA** National Telecommunications and Information Administration  
**NTIS** National Technical Information Service  
**NWS** National Weather Service

**O** **OCS** Office of Computer Services  
**OEAM** Office of Executive Assistance Management  
**OFM** Office of Financial Management  
**OIG** Office of the Inspector General (part of Departmental Management)  
**OMB** Office of Management and Budget  
**OPM** Office of Personnel Management  
**OS** Office of the Secretary  
**OTEM** Office of Trade Event Management  
**OTP** Office of Technology Policy

<b>P</b>	<b>PALM</b>	Patent Application Location Monitoring
	<b>PCI</b>	Per Capita Income
	<b>PP&amp;E</b>	Property, Plant, and Equipment
<b>R</b>	<b>R&amp;D</b>	Research and Development
<b>S</b>	<b>S&amp;E</b>	Salaries and Expenses (a Fund that is part of Departmental Management)
	<b>Secretary</b>	Secretary of the Department of Commerce
	<b>SFA</b>	Sustainable Fisheries Act
	<b>SFFAS</b>	Statements of Federal Financial Accounting Standards
	<b>SME</b>	Small and Medium-Sized Enterprise
<b>T</b>	<b>3-G</b>	Third Generation
	<b>TA</b>	Technology Administration
	<b>TAA</b>	Trade Adjustment Assistance
	<b>TAAC</b>	Trade Adjustment Assistance Center
	<b>TARR</b>	Trademark Application Registration Retrieval
	<b>TC</b>	Technology Center
	<b>TEAS</b>	Trademark Electronic Application System
	<b>TESS</b>	Trademark Electronic Search System
	<b>TPA</b>	Trade Promotion Authority
	<b>TPC</b>	Tropical Prediction Center
	<b>TPCC</b>	Trade Promotion Coordination Committee
	<b>TSP</b>	Thrift Savings Plan
	<b>TRAM</b>	Trademark Reporting and Monitoring
	<b>Treasury</b>	U.S. Department of the Treasury
	<b>TROR</b>	Treasury Report on Receivables
<b>U</b>	<b>USC</b>	United States Code
	<b>USMCC</b>	United States Mission and Control Center
	<b>USPTO</b>	United States Patent and Trademark Office
	<b>USSGL</b>	United States Standard General Ledger
<b>W</b>	<b>WCF</b>	Working Capital Fund (part of Departmental Management)
	<b>WFO</b>	Weather Forecast Office
	<b>WTO</b>	World Trade Organization